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Illinois Department of Financial Institutions

1990 Annual Report

THE DEPARTMENT OF FINANCIAL INSTITUTIONS

1990 ANNUAL REPORT

Governor Jim Edgar
Members of the General Assembly
Citizens of Illinois,

I am pleased to present to you the FY 1990 achievements of the Department of Financial Institutions.

In addition to reflecting the sound operations of the Department's four regulatory divisions: Consumer Credit, Credit Union, Currency Exchange, and Unclaimed Property, this report highlights many advances made by the Department in the past year.

The new Title Insurance Act is an important piece of consumer protection legislation that became law on January 1, 1990. All title insurance companies will now be examined annually by the Department. Registration of over 2,000 title insurance agents operating in Illinois has already taken place. Most importantly, protection of the insured has been improved with the requirement that these companies keep approved securities on deposit with the Department.

Our Unclaimed Property Division saw passage of House Bill 3731 limiting the fees "finders" can charge unclaimed property owners to 10% of the property's value. This means more of the unclaimed property we collect is returned to the rightful owner.

The staff of the Department of Financial Institutions continues to proudly and competently examine and monitor over 2000 state licensed financial institutions.

Joanne Mitchell

Joanne Mitchell
Acting Director

DFI SENIOR STAFF

Joanne Mitchell
Acting Director

ADMINISTRATION

John Arthur
Legislative Liaison
Keith Burklow
Internal Auditor
Linda Finney
Personnel Officer
Randy Gibson
Administrative Assistant
Ron Handlin
Fiscal Officer
Ron Letterly
Information Systems Manager
Sherrie Teitelbaum
Public Information Officer
Fred Zeni
Chief Legal Counsel

CREDIT UNION DIVISION

Bruce Garrett
Acting Supervisor
Jack Hellner
Assistant Supervisor

CONSUMER CREDIT DIVISION

Andrew Madonia
Supervisor
Carl La Susa
Tom England
Assistant Supervisors

UNCLAIMED PROPERTY DIVISION

Karen Anderson
Supervisor
Bill Margalus
Colleen Connor
Assistant Supervisors

CURRENCY EXCHANGE DIVISION

Michael Goldman
Supervisor
John Brady
Assistant Supervisor

TABLE OF CONTENTS

Introduction 5

Highlights 6

Fiscal Summary 8

Credit Union Division 10

Consumer Credit Division 22

Unclaimed Property Division 41

Currency Exchange Division 56

INTRODUCTION

The Illinois Department of Financial Institutions was created in 1957 as a code department of the State. Its enabling legislation, the Financial Institutions Code, authorizes it to investigate, examine, license and regulate these financial institutions: currency exchanges, credit unions, title insurance companies, foreign exchanges and businesses making loans of $10,000 or less.

It administers the Sale of Exchange Act and Financial Planning and Management Services Act. In addition, it administers the Safe Deposit Box Act, Uniform Disposition of Unclaimed Property Act, Consumer Installment Loan Act, Consumer Credit Counseling Corporation Act, Development Credit Corporation Act, Currency Exchange Act, Foreign Exchange Act, and the Title Insurance Act.

In addition to the Acts that mandate specific regulations by the Department, there are approximately 23 other Acts that are ancillary to the Department and under which the Department has a monitoring function; such as the Retail Installment Sales Act, Consumer Fraud Act, Savings and Loan Act, Illinois Banking Act, etc.

The Illinois laws for which the Department of Financial Institutions has responsibility govern a variety of diverse industries. The activities undertaken by the Department directly affect the 2183 businesses that are our licensees and indirectly affect every citizen who utilizes our licensees' services.

Management and control of the Department are vested in the Director who is appointed by the Governor and confirmed by the Senate. The Department has four Divisions, Credit Union, Unclaimed Property, Consumer Credit, and Currency Exchange each headed by a Supervisor responsible for the industries under his/her control through examination and supervision.

HIGHLIGHTS OF THE YEAR

. . . . The new Title Insurance Act became effective January 1, 1990. Permanent rules were adopted May 21, 1990. For the first time, all title insurance agents are required to register with the Department and title insurance companies are required to maintain reserves.

. . . . The Unclaimed Property Division succeeded in initiating House Bill 3731 reducing the number of reports holders are required to file and changing the reporting dates for some holders of abandoned property. The bill also limits the fees "finders" can charge owners to retrieve their unclaimed property to 10% of the property value and limits the "finders" to collecting fees only on accounts in the States' custody for more than 24 months.

. . . . The Consumer Credit Division became a charter member of the Money Transmitter Regulators Association. The Association's first order of business was the development of a model act used to revamp existing laws governing money transmitters.

. . . . The Currency Exchange Division drafted legislation increasing the minimum bond requirements for licensed currency exchanges. Effective January 1, 1990, surety and blanket bond coverage minimums were raised from $5,000 to $10,000.

. . . . In an effort to reduce the costs of the semiannual publication of names of owners with abandoned property, the Unclaimed Property Division assumed responsibility for state-wide newspaper advertising. Without utilizing the services of an advertising agency, the cost per name published was reduced from $11.41 to $6.56.

. . . . The reporting requirements for a credit union's supervisory committee were changed to improve audit reports and conformance with FIRREA (Financial Institutions Reform and Recovery Enforcement Act). Credit unions with assets of

less than $3 million are required to perform an internal audit. Credit unions with assets between $3 and $5 million must have an external audit performed by a certified public accountant (CPA) once every three years. Credit unions with assets over $5 million are required to have an external audit performed by a CPA on an annual basis.

. . . . The first application for license under the Development Credit Corporation Act was received by the Consumer Credit Division. The Articles of Incorporation were approved by the Director.

GOVERNOR'S ADVISORY GROUPS TO THE DEPARTMENT OF FINANCIAL INSTITUTIONS

Board of Credit Union Advisors

Gene Artemenko
United Airlines Employees' CU

Angel Lopez
Credit Union 1

Donald E. Van Horn
Little Company of Mary
Hospital Credit Union

Harold T. Welsh
General Foods Employees CU

Dwain Christofferson
Deere Harvester Credit Union

Bohdan Watral
Ukranian Selfreliance CU

Board of Financial Planning and Management Services Advisors

Don Morris
Financial Counselors, Inc.

Leonard M. Groupe
Attorney

Benjamin G. Moffitt
Joliet Budget Advisors, Inc.

Board of Currency Exchange Advisors

Michael Guthrie
Financial Enterprises, Inc.

Christopher J Michas
Montgomery Ward and Co.

I. SUMMARY BY FUND AND DIVISION

	REVENUES	EXPENDITURE	EXCESS REVENUE OVER EXPENDITURE
GENERAL REVENUE			
ADMINISTRATION	$73	$313,357	($313,284)
CONSUMER CREDIT	1,756,960	802,987	$953,973
CURRENCY EXCHANGE	473,955	441,169	$32,786
EDP	0	10,023	($10,023)
TOTAL	$2,230,988	$1,567,536	$663,452
STATE PENSION FUND			
ADMINISTRATION	$2,353	$511,487	($509,134)
UNCLAIMED PROPERTY	22,117,015	2,023,417	$20,093,598
EDP	0	603,409	($603,409)
TOTAL	$22,119,368	$3,138,313	$18,981,055
CREDIT UNION FUND			
CREDIT UNION	$1,399,407	$1,668,796	($269,389)
TOTAL	$1,399,407	$1,668,796	($269,389)
UNCLAIMED PROPERTY TRUST FUND	$4,829,232	$2,946,663	$1,882,569
DEPARTMENT TOTAL	$30,578,995	$9,321,308	$21,257,687

II. EXPENDITURE SUMMARY BY DIVISION AND CATEGORY

	ADMIN-ISTRATIVE	CONSUMER CREDIT	CURRENCY EXCHANGE	UNCLAIMED PROPERTY	CREDIT UNION	EDP	TOTALS
PERSONAL SERVICE	$428,815	$602,969	$359,146	$959,392	$1,096,558	$124,283	$3,571,163
RETIREMENT	20,600	27,600	15,000	45,900	52,400	5,800	167,300
SOCIAL SECURITY	28,147	44,177	25,901	71,917	79,111	8,416	257,669
GROUP INSURANCE	10,982	0	0	59,020	61,347	6,809	138,158
CONTRACTUAL	197,712	31,683	15,446	678,412	77,723	157,666	1,158,642
TRAVEL	36,620	79,546	19,651	59,866	134,399	4,861	334,943
COMMODITIES	8,976	3,903	2,418	11,390	7,535	13,653	47,875
PRINTING	2,389	3,926	3,069	12,519	11,310	0	33,213
EQUIPMENT	5,092	8,733	53	125,001	133,114	291,944	563,937
TELECOMMUNICATION	85,511	0	0		15,199	0	100,710
OPERATION AUTO	0	0	0	0	0	0	0
REFUNDS	0	450	485	0	100	0	1,035
TOTAL	$824,844	$802,987	$441,169	$2,023,417	$1,668,796	$613,432	$6,374,645

III. EXPENDITURE SUMMARY BY FUND AND CATEGORY

GENERAL REVENUE FUND

EXPENDITURE CATEGORY	APPROPRIATIONS	EXPENDITURES	LAPSE
PERSONAL SERVICE	$1,217,300	$1,183,800	$33,500
RETIREMENT	52,600	52,600	0
SOCIAL SECURITY	84,900	84,303	597
GROUP INSURANCE	0	0	0
CONTRACTUAL	100,775	80,592	20,183
TRAVEL	112,375	112,318	57
COMMODITIES	14,300	13,165	1,135
PRINTING	11,250	7,460	3,790
EQUIPMENT	10,100	9,269	831
TELECOMMUNICATIONS	23,300	23,094	206
OPERATION AUTO	600	0	600
REFUNDS	1,000	935	65
TOTAL	$1,628,500	$1,567,536	$60,964

STATE PENSION FUND

EXPENDITURE CATEGORY	APPROPRIATIONS	EXPENDITURES	LAPSE
PERSONAL SERVICE	$1,422,400	$1,290,805	$131,595
RETIREMENT	62,300	$62,300	0
SOCIAL SECURITY	107,800	$94,255	13,545
GROUP INSURANCE	87,800	$76,811	10,989
CONTRACTUAL	2,141,445	$1,000,327	1,141,118
TRAVEL	94,400	$88,226	6,174
COMMODITIES	29,600	$27,175	2,425
PRINTING	22,700	$14,443	8,257
EQUIPMENT	428,855	$421,554	7,301
TELECOMMUNICATIONS	63,800	$62,417	1,383
OPERATION AUTO	1,900	$0	1,900
REFUNDS	0	$0	0
TOTAL	$4,463,000	$3,138,313	$1,324,687

CREDIT UNION FUND

EXPENDITURE CATEGORY	APPROPRIATIONS	EXPENDITURES	LAPSE
PERSONAL SERVICE	$1,192,300	$1,096,558	$95,742
RETIREMENT	52,400	52,400	0
SOCIAL SECURITY	79,200	79,111	89
GROUP INSURANCE	62,600	61,347	1,253
CONTRACTUAL	78,000	77,723	277
TRAVEL	135,300	134,399	901
COMMODITIES	8,100	7,535	565
PRINTING	11,800	11,310	490
EQUIPMENT	135,100	133,114	1,986
TELECOMMUNICATIONS	15,200	15,199	1
OPERATION AUTO	0	0	0
REFUNDS	100	100	0
TOTAL	$1,770,100	$1,668,796	$101,304

Credit Union Division

BACKGROUND

The Credit Union Division has the statutory responsibility for the administration of the Illinois Credit Union Act (the Act). The primary responsibilities delegated to the Division, by the Act, are the chartering, examination, supervision and regulation of state chartered credit unions.

As of June 30, 1990, the Credit Union Division was responsible for 677 Illinois state chartered credit unions (down from 696 at December 31, 1989) ranging in asset size from approximately $20,000 to $1.7 billion. On a consolidated basis, total assets for all Illinois state chartered credit unions were $6,493,129,960 as of June 30, 1990, representing an annualized increase of approximately 9.9% from December 31, 1989.

OPERATIONS

Examinations

In response to the failure of the FSLIC (Federal Savings and Loan Insurance Corporation), the overall examination and supervision of credit unions (federal or state chartered) has taken a much more aggressive posture. The Credit Union Division is committed to providing a strong and credible regulatory environment for all credit unions in Illinois.

In keeping with the Division's goal to conduct annual statutory examinations of all state chartered credit unions, the following depicts the number of examinations completed by Divisional staff and CPAs:

	FY1990	FY1989	FY1988	FY1987
DFI Annual Exams	527	623	457	396
DFI Special Exams	66	30	136	135
CPA Annual Exams	165	83	317	369

NOTE: The FY 90 decline in annual examinations completed by Division staff resulted from three primary areas: 1) The concentration of large asset size credit unions examined by Divisional staff. 2) A reduction in productivity due to the hiring of eight examiner trainees. 3) A reallocation of resources for follow-up on financially troubled credit unions.

STATE-CHARTERED CREDIT UNIONS IN ILLINOIS

CREDIT UNION DIVISION OPERATIONS

FISCAL YEAR ENDING (July 1 to June 30)	1986	1987	1988	1989	1990
Number of Examiners	15	13	24	22	28
Number of Credit Unions	825	780	733	712	679
Number of Annual Exams Conducted by the Department	408	396	457	623	527
Number of Surprise Exams Conducted by the Department	186	135	136	30	66
REVENUE (000)					
Annual Examination Fees	$274.8	$356.7	$431.6	$964.0	$803.0
Surprise Examination Fees	41.0	--	46.9	5.4	38.1
Supervision Fees	496.8	527.1	534.1	530.1	523.0
Miscellaneous Fees & Fines	22.2	26.7	27.2	19.0	33.7
Total Revenue	$834.8	$910.5	$1,039.8	$1,518.5	$1,397.8
EXPENDITURES (000)					
Personal Services	$631.2	$658.2	$757.0	$920.8	$1,096.5
Retirement	34.7	35.5	36.7	39.5	52.4
Group Insurance	--	--	--	38.6	61.3
Social Security	38.9	41.6	50.3	65.4	79.1
Contractual Services	12.4	13.9	13.8	24.5	77.2
Travel	72.3	7.0	102.7	110.7	135.0
Commodities	3.9	4.1	4.7	4.9	7.5
Printing	5.8	2.6	4.4	4.3	11.3
Equipment	4.2	0.6	4.1	0	126.0
Refunds	--	--	0.2	0	.2
Total Expenditures	$803.4	$833.5	$973.5	$1,208.7	$1,646.5
Revenue Over (Under) Expenses	$31.4	$77.0	$66.3	$309.8	($248.7)

Laptop Computer Program/Core Examination

The Division purchased 20 laptop computers to supplement those provided to the Division by the National Credit Union Administration (NCUA). As of June 30, 1990, the Division's field staff were outfitted with 47 laptop computers. These personal computers enable the examination and office support staff to process reports and correspondence in a timely and professional manner.

Through the implementation of the NASCUS/NCUA (National Association of State Credit Union Supervisors/National Credit Union Administration) core examination format as the basis for the State of Illinois examination, the Division completely restructured it's examination procedures. The core examination process, utilizing the CAMEL rating system, evaluates five key areas of credit union operations: Capital Adequacy, Asset Quality, Management, Earnings, and Liquidity. Each area is assigned a rating of 1 to 5, with 1 being the best and 5 being the most critically deficient. Upon completion of the individual component ratings, the examiner assigns a Composite Rating to the institution as a whole. The following chart shows the distribution of CAMEL Composite Ratings applicable to Illinois state chartered credit unions as of June 30, 1990.

CAMEL Composite Ratings - June 30, 1990

Composite Rating	# of Credit Unions	%	Assets	%
1	93	13.7	$ 749,553	11.5
2	336	49.6	$ 4,636,301	71.4
3	197	29.2	$ 859,938	13.3
4	44	6.5	$ 235,160	3.6
5	5	0.7	$ 6,049	0.1
New Charters	2	0.3	$ 6,149	0.1
TOTALS	677	100.0	$ 6,493,130	100.0

NOTE: As stated under the next section, the Division will continue to focus its efforts on reducing the number and asset totals of CAMEL Code 4 and 5 credit unions. The overall emphasis will continue to be requiring the implementation of operational improvements, rather than forcing merger or liquidation.

Problem Case Officer Program

In conjunction with the laptop program, the Division also expanded its staff to include two Problem Case Officers (PCOs) and eight Financial Institutions Examiner Trainees.

The PCOs' primary responsibility is to provide CAMEL Code 4 and 5 rated institutions professional guidance and assistance in developing operational plans of action that will improve overall efficiency and financial condition.

As of June 30, 1990, the PCO program's success was not completely measurable. However, as a gauge, the total number of 4 or 5 Camel coded institutions declined 12.5 %, from 56 at December 31, 1989 to the current level of 49, and 3.7%, from $250,556,552 at December 31, 1989 to $241,189,278, in terms of total assets. The disparity in reductions between numbers and total assets results from the fact that larger CAMEL Code 4 and 5 institutions take 12 to 18 months to reflect substantive progress in their overall financial condition. It is anticipated that reductions during fiscal year 1991 will reflect a more equitable distribution between these measures.

Legislation

During 1989, legislation passed amending Section 34 of the Illinois Credit Union Act requiring all Illinois state chartered credit unions with assets in excess of $5 million to have an annual opinion audit of their financial statements. The amendment also requires credit unions with assets between $3 and $5 million to have a full opinion audit once every three years. (Refer to the listing of all state chartered credit unions for details on the number of credit unions affected by this change.)

In conjunction with this legislative change, the Division revamped its internal audit requirements and developed more comprehensive audit requirements (Supervisory Committee Report) for those credit unions below $3 million in total assets. It is anticipated that the new requirements will further strengthen the financial and operating position of the Credit Union Industry in Illinois.

Industry Analysis

The credit union industry in the State of Illinois continues to improve in virtually all areas of review. This analysis is supported by the graphs and charts that follow. All financial information presented on the following pages was derived from NASCUS/NCUA 5300 Reports as prepared by Illinois state chartered credit unions.

CONSOLIDATED BALANCE SHEET

(000'S Omitted)

	12/31/88	12/31/89	6/30/90	Analysis of 6/30/90 Totals
ASSETS				
Cash on Hand and in Banks	$89,890	$102,223	$118,524	1.8%
Common Trust Investments	$24,051	$20,726	$21,702	0.3%
S & L and Bank Investments	$793,669	$817,000	$825,368	12.7%
U.S. Govt. & Agency Obligations	$1,321,022	$883,212	$947,497	14.6%
Deposits in Corporate Credit Unions	$899,346	$976,368	$1,085,129	16.7%
Other Investments	$137,636	$54,077	$100,335	1.6%
(Allowance for Investment Losses)	N/A	N/A	($2,107)	0.0%
Share Ins. Cap. Deposits	$49,704	$32,326	$31,364	0.5%
Loans to Other Credit Unions	$508	$1,025	$857	0.1%
Loans to members	$2,746,041	$3,153,477	$3,256,744	50.2%
(Allowance for Loan Losses)	($28,059)	($30,921)	($30,708)	-0.5%
Furn.--Fix.(Less Depreciation)	$23,133	$24,454	$24,491	0.4%
Land & Building (Less Depreciation)	$46,338	$49,225	$52,344	0.8%
Other Assets	$61,546	$104,772	$61,590	0.9%
TOTAL ASSETS	**$6,164,825**	**$6,187,964**	**$6,493,130**	**100.0%**
LIABILITIES				
Notes Payable	$470,754	$409,149	$382,199	5.9%
Dividends Payable	$12,569	$12,776	$11,783	0.2%
All Other Liabilities	$24,921	$32,501	$25,663	0.4%
TOTAL LIABILITIES	**$508,244**	**$454,426**	**$419,645**	**6.5%**
NET WORTH				
Common Shares	$3,812,673	$3,398,635	$3,587,456	55.3%
Other Classes of Shares	$435,895	$820,948	$864,253	13.3%
IRA/Retirement Shares	$763,642	$790,384	$838,651	12.9%
Share Draft Accounts	$310,853	$353,006	$364,598	5.6%
Non-Member Deposits	N/A	N/A	$18,956	0.3%
Regular Reserve	$126,386	$140,740	$145,430	2.2%
Undivided Earnings	$100,920	$102,025	$117,571	1.8%
Other Reserves	$106,212	$127,800	$136,570	2.1%
TOTAL NET WORTH	**$5,656,581**	**$5,733,538**	**$6,073,485**	**93.5%**
TOTAL LIABILITIES AND NET WORTH	$6,164,825	$6,187,964	$6,493,130	100.0%

CONSOLIDATED STATEMENT OF INCOME AND EXPENSE

(000's Omitted)

	12/31/88	12/31/89	6/30/90	Analysis of 6/30 Totals
INCOME				
Interest-Members' Loans	$293,878	$355,741	$181,073	58.1%
(Less Interest Rebate)	($877)	($882)	($187)	-0.1%
Interest-Investments	$254,794	$247,939	$117,203	37.7%
Gain(Loss)-Sale of Investments	($806)	$153	$219	0.1%
Other Income	$19,181	$29,169	$13,224	4.2%
TOTAL INCOME	**$566,170**	**$612,120**	**$311,532**	**100.1%**
EXPENSE				
Salaries and Benefits	$66,504	$71,940	$38,109	12.1%
Insurance (Less Rebates)	$9,246	$9,447	$4,682	1.5%
Interest on Borrowed Money	$34,551	$37,741	$13,258	4.3%
Provision for Loan Losses	$18,462	$21,553	$7,832	2.5%
Office Operation Expense	$28,192	$30,330	$16,415	5.3%
Other Expenses	$41,912	$47,083	$24,650	7.9%
TOTAL EXPENSE	**$198,867**	**$218,094**	**$104,946**	**33.6%**
OPERATING INCOME				
Dividends	$330,081	$354,191	$180,591	58.0%
NET EARNINGS	$37,222	$39,835	$25,995	8.4%
Distribution of Net Earnings				
Regular Reserve	$25,863	$24,984	$7,150	2.3%
Undivided Earnings Account	$11,359	$14,851	$18,845	6.1%
TOTAL DISTRIBUTED	**$37,222**	**$39,835**	**$25,995**	**8.4%**

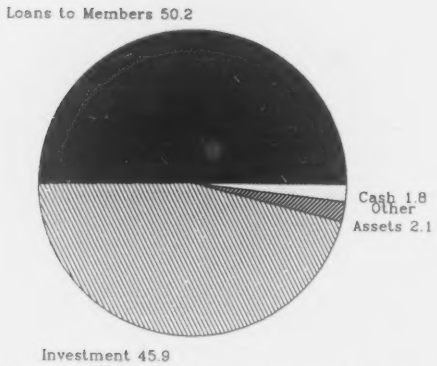
STATE-CHARTERED CREDIT UNIONS IN ILLINOIS

FIVE YEAR STATISTICS AND SUMMARY

YEAR ENDING	1986	1987	1988	1989	6 Months Ending June 1990
NUMBER OF:					
Credit Unions	781	746	721	696	677
Members	1,518,908	1,820,524	1,633,976	1,692,100	1,703,590
New Charters	1	4	0	1	1
Mergers	32	32	18	16	15
Liquidations	13	7	7	10	6
Conversions	—	—	0	1	1
Total Assets	$5,390,717	$6,028,969	$6,164,826	$6,187,964	$6,493,130
Total Loans	$2,310,327	$2,438,118	$2,746,041	$3,153,477	$3,256,744
Total Shares	$4,818,467	$5,202,431	$5,323,064	$5,362,973	$5,673,914
Dividends Paid	$ 314,384	$ 316,487	$ 330,081	$ 354,191	$ 180,591
All Reserves	$ 302,327	$ 327,624	$ 361,577	$ 401,486	$ 430,279
Reserves/Assets	5.6%	5.4%	5.9%	6.5%	6.6%
Reserves/Loans	13.1%	13.4%	13.2%	12.7%	13.2%
Loans/Shares	47.9%	46.9%	51.6%	58.8%	57.4%
Loans/Assets	42.9%	40.4%	44.5%	51.0%	50.2%
Operating Expense and Total Income	29.5%	34.3%	35.0%	29.5%	29.5%
Div./Total Income	62.8%	61.1%	58.2%	57.9%	58.0%
Yield Avg. Loans	12.8%	11.7%	11.3%	11.4%	11.1%
Div./Avg. Shares	7.2%	6.3%	6.3%	6.6%	6.5%
Net Margins:	5.6%	5.4%	5.0%	4.8%	4.6%

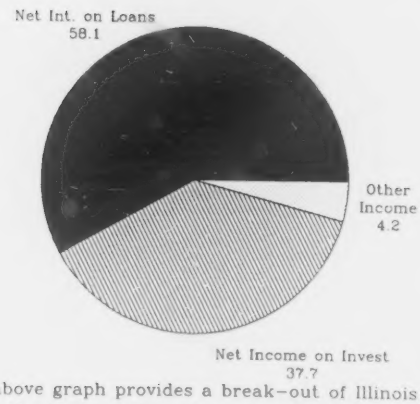
Source: NCUA/NASCUS 5300 Annual Reports (December 31)

DISTRIBUTION OF TOTAL ASSETS



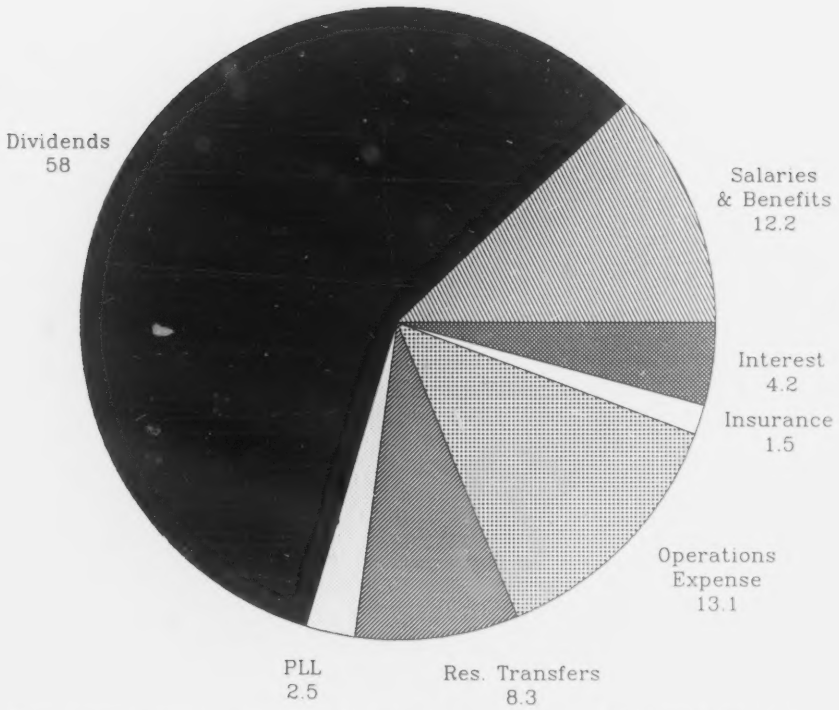
The allocation of member share deposits on a consolidated basis. The preferred investment vehicle continues to be a reinvestment of funds with credit union members.

DERIVATION OF GROSS INCOME



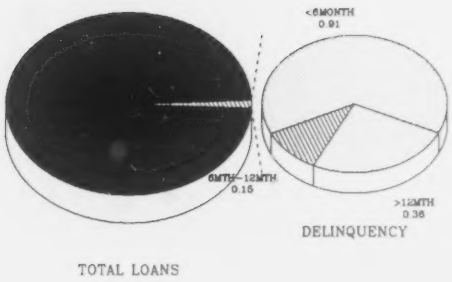
The above graph provides a break-out of Illinois state chartered credit union's total income for six months ended June, 1990. Loans represent 50.2% of total assets, yet generate 58.1% of total income.

DISTRIBUTION OF GROSS INCOME

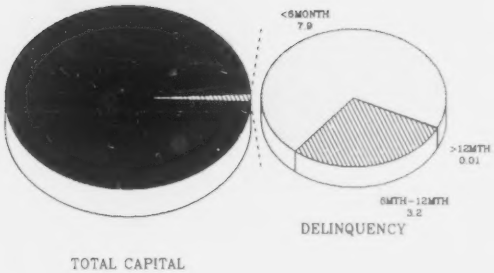


The break-out of consolidated earnings of Illinois state chartered credit unions. The predominant line item continues to be dividends to members.

DELINQUENCY/TOTAL LOANS

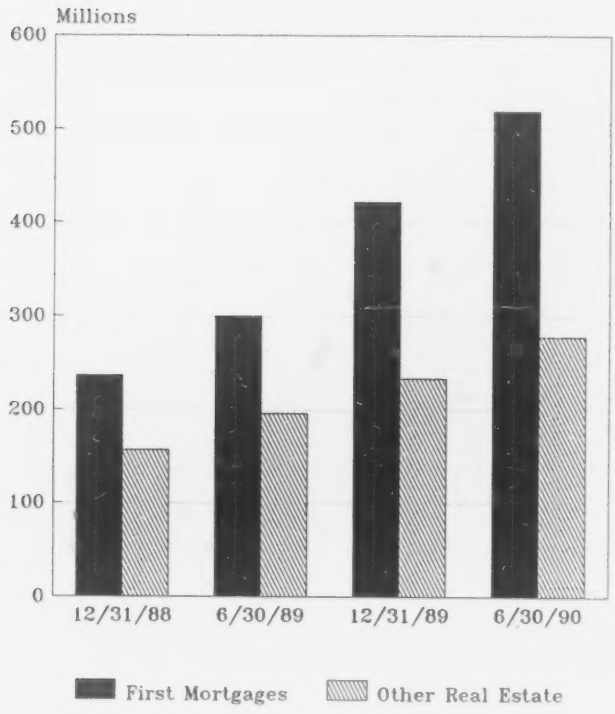


DELINQUENCY/TOTAL CAPITAL



As of June 30, 1990, total delinquent loans equaled 11.1% of total capital and 1.42% of total loans in Illinois state chartered credit unions. On an overall industry analysis, delinquency appears to be under control.

GROWTH IN MORTGAGE LENDING
12/31/88 through 6/30/90



Illustrated above is the tremendous growth in real estate lending by Illinois state chartered credit unions. However, this type of lending is not a major portion of assets in state chartered credit unions.

LARGEST 25 CREDIT UNIONS BY ASSET SIZE

Credit Union	City	Assets	Members
United Air Lines Emp. Credit Union	Arlington Hts.	$1,752,502,675	89,327
Great Lakes Credit Union	Great Lakes	$192,143,067	74,090
Baxter Credit Union	Deerfield	$182,506,037	62,266
Credit Union 1	Rantoul	$173,074,639	83,197
I.H. MS Valley Credit Union	Rock Island	$157,778,634	46,269
Motorola Employees Credit Union	Schaumburg	$116,873,098	23,882
Edison Credit Union	Chicago	$109,788,348	20,163
Scott Credit Union	Scott AFB	$107,300,871	25,315
Decatur Earthmover Credit Union	Decatur	$101,009,911	11,712
Consumers Cooperative Credit Union	Waukegan	$88,982,133	33,258
Olin Employees Credit Union	East Alton	$80,802,199	16,917
Deere & Company Credit Union	Moline	$77,443,109	14,450
Deere Harvester	Moline	$70,840,968	19,462
Aurora Earthmover Credit Union	Aurora	$57,058,902	16,382
Argonne Credit Union	Argonne	$54,939,844	9,245
United Credit Union	Chicago	$50,879,980	26,529
Staley Employees Credit Union	Decatur	$50,757,408	12,162
Paysaver Credit Union	Westchester	$49,933,939	28,475
University of IL Emp. Credit Union	Champaign	$49,646,314	20,104
Kraft Employees Credit Union	Glenview	$49,265,420	10,071
DuPage Schools Credit Union	Wheaton	$48,508,630	16,983
HealthCare Associates Credit Union	Naperville	$47,814,317	34,707
Meadows Credit Union	Rolling Meadows	$46,437,196	20,816
Sundstrand Credit Union	Rockford	$45,098,381	14,902
Kane County Teachers Credit Union	Elgin	$43,875,968	11,424

Consumer Credit Division

BACKGROUND

The Consumer Credit Division is charged with administering twelve Illinois statutes. While the statutes cover a variety of financial businesses, all directly effect the Illinois consumer. To carry out its responsibilities, the Division licenses, examines and sanctions organizations covered by the statutes.

The Division, as of June 30, 1990, had issued the following licenses: 452 Consumer Installment Loan, 10 Financial Planning and Management Services, 12 Consumer Credit Counseling, 12 Foreign Exchange, 17 Safe Deposit Box, 14 Sale of Exchange, 218 Sales Finance Agency, 22 Title Insurance, 1,764 Title Insurance Agents, and 1 Independent Escrowee. This represents a 300% increase from FY 89. This is attributed to the requirement under the Title Insurance Act that title insurance agents register with the Department.

The laws administered by this Division are:

Consumer Credit Counseling Corporation Act, Ill. Rev. Stat. ch. 32, par. 360.1 et seq.
Consumer Installment Loan Act, Ill. Rev. Stat. ch. 17, par. 5401
Development Credit Corporation Act, Ill. Rev. Stat. ch. 32, par. 1001
Financial Planning and Management Services Act, Ill. Rev. Stat. ch. 17, par. 5301
Foreign Exchange Act, Ill. Rev. Stat. ch. 17, par. 2601
Motor Vehicle Retail Installment Sales Act, Ill. Rev. Stat. ch. 121-1/2, par. 561
Pawner's Societies Act, Ill. Rev. Stat. ch. 17, par. 4551
Retail Installment Sales Act, Ill. Rev. Stat. ch. 121-1/2, par. 501
Safety Deposit Box Act, Ill. Rev. Stat. ch. 17, par. 1451
Sale of Exchange Act, Ill. Rev. Stat. ch. 17, par. 4701
Sales Finance Agency Act, Ill. Rev. Stat. ch. 17, par. 5201
Title Insurance Act, Ill. Rev. Stat. ch. 73, par. 1401

OPERATIONS

Examinations

The Division conducted 920 examinations on licensed

organizations to determine compliance with regulations set by statute and administrative rule. These examinations uncovered 3049 exceptions to operating procedures. A majority of the exceptions were corrected by the licensee during the examination process and the balance resolved by supervisory action.

Complaints

The Division received 257 complaints from public and private agencies. The complaints were investigated and 59% resolved in favor of the complaintant. Consumer inquiries resulted in a return of $24,001.20 to the affected party.

TYPE OF LICENSEE	NUMBER OF COMPLAINTS				
	1989	1988	1987	1986	1985
CONSUMER FINANCE	0	0	0	0	3
CONSUMER INSTALLMENT SALES FINANCE	102	117	87	89	112
OBA	0	2	7	18	4
TITLE INSURANCE	6	3	3	4	3
SAFE DEPOSIT BOX	1	5	*	*	*
OTHER	0	3	3	3	8
NON-LICENSEE	37	41	34	57	65
TOTAL	257	299	216	253	323

TYPE OF COMPLAINTS	NUMBER OF COMPLAINTS				
	1989	1988	1987	1986	1985
1) COLLECTION METHODS	48	58	36	35	43
2) PAYMENTS	45	51	39	31	73
3) REPOSSESSIONS	15	16	9	11	19
4) RULE OF 78'S	13	21	8	15	27
5) SIMPLE INTEREST	5	8	6	2	14
6) OTHER	54	56	48	51	39
7) INSURANCE					
C/L	13	19	14	12	9
A & H/AD & D	0	0	0	0	4
Automotive	13	18	11	11	13
Other	4	5	3	5	3
8) TITLE RETURN					
Automotive	4	4	4	11	8
Real Estate	6	2	4	12	6
9) NON LICENSEE	37	41	34	57	65
TOTAL	257	299	216	253	323

Other Business Authorizations

Licensees under the Consumer Installment Loan Act must obtain authorization to conduct other busineses on the premises of their loan offices. Prior to granting these authorizations, the Division staff investigates each request to ensure that the proposed business activities would not constitute violation of the Act.

Currently, business authorizations have been issued covering the following activities: Automatic Teller Machines, Bank Card Programs, Business Loans, Collection Agency, Credit Card Loans, Income Tax Preparation, Investment Services, Involuntary Unemployment Insurance, Leasing, Liability Insurance, Life, Health and Accident Insurance, Loans by Mail, Loans over $10,000, Mortage Banker, Motor Club Membership, Non-Filing Collateral Insurance, Open-end Revolving Loans, Premium Financing, Prepaid Legal Services, Property Insurance, Sale of Exchange, Sale of Surrendered Real Estate, and Thrift Club Membership.

Legislative Initiatives

The Division analyzed various legislative proposals introduced during the FY 90 legislative session. One bill which passed the General Assembly and was signed by the Governor was SB 1882:

> SB 1882 exempts lenders from liability under the Consumer Installment Loan Act and An Act in relation to the rate of interest and other charges in connection with sales on credit and the lending of money for good faith actions taken in conformity with any rule, regulation or interpretation by the Department of Financial Institutions.
>
> This allows our licensees to comply in good faith with Department requirements and not be subject to liability should a court later decide that the Department's position or requirement was erroneous.
>
> The Bill is now P.A. 86-1222, effective August 30, 1990.

The following bills were introduced in the General Assembly but failed to pass in FY 90:

> HB 934 prohibited lenders from denying credit based solely on a previous debt when the debt had been paid in full or fully discharged. It included consumer loans within the catagory of loans for which there may be no unlawful discrimination.

HB 3470 authorized the Department of Commerce and Community Affairs to establish and administer a Capital Access Program. This is similar to the Illinois Development Credit Corporation Act administered by the Department of Financial Institutions.

HB 3808 capped motor vehicle interest rates, based upon vehicle age, between 10 and 16 percentage points above the Federal Reserve Discount Rate.

HB 3979 required advertisements to state the rates, charges, payment amounts and dates, and annual percentage charges. It further provided that each copy of an advertisement would be a separate offense for the purpose of determining penalties.

HB 4047, HB 4048, SB 1121, SB 1129, and SB 1853 were designed to amend the new Title Insurance Act.

SB 1681 amended the Uniform Commercial Code to provide a penalty of up to $75, in addition to fees and costs, on dishonored checks.

SB 1747 amended The Mortgage Escrow Account Act to provide that escrowed amounts held by a mortgage lender be kept in an account bearing interest at savings account rates.

SB 2019 amended the Uniform Commercial Code to provide liability for non-litigated collection costs.

HB 922 amended the Vehicle Code to require lienholders to notify the Secretary of State upon release of lien.

SB 931 required lenders to provide a statement of interest paid in calendar year by January 31 of the following year.

SB 1014 provides additional grounds for discipline of collection agencies.

Administrative Activities

The Division completed staff expansion as authorized by the General Assembly. This expansion included a Title Insurance Manager, Deputy Counsel, Review Examiner and clerical assistance.

The Division expanded the Title Insurance examination procedures required by the new Title Insurance Act. Examiners attended a training session on the new procedures in Champaign, Illinois in January 1990.

Rules implementing the Title Insurance Act were adopted on May 21, 1990 and also adopted were a set of Rules implementing the Development Credit Corporation Act.

DIVISION REVENUES AND EXPENDITURES

The Consumer Credit Division is financially self-supporting in that the various fees paid by licensees exceed the cost of operations.

Revenue:

Examination fees[1]	$ 162,900
Licensing and Renewal fees[2]	$ 420,624
Retaliatory fees[3]	$ 1,129,780
Miscellaneous fees[4]	$ 44,182
TOTAL REVENUE - FY 89	$ 1,757,486
TOTAL EXPENDITURES - FY 89	$ 802,800

[1] Examination fees consist of charges of $100 or $300 per Examiner per day to conduct examinations of licensee's offices as authorized by Statute.

[2] Initial licensing and annual renewal fees are set by Statute.

[3] Retaliatory fees are imposed on foreign title insurance companies doing business in Illinois to reciprocate for fees imposed on Illinois companies doing business in their State of Incorporation.

[4] Miscellaneous fees include application, investigation, name change, and relocation fees authorized by Statute.

CONSUMER CREDIT COUNSELING CORPORATION ACT

The Consumer Credit Counseling Corporation Act authorizes not-for-profit corporations to offer specialized counseling services to over-indebted consumers and to handle monies as agents for individual debtors being counseled. Twelve Consumer Credit Counseling Corporations were registered in FY 90.

CONSUMER INSTALLMENT LOAN ACT

The provisions of the Illinois Consumer Installment Loan

Act, (Ill. Rev. Stat. Chapter 17, Par 5401 et seq.) authorizes the Consumer Credit Division to license and regulate the making of loans under $10,000. In addition, the Director has the authority to grant Other Business Authorizations including, but not limited to , the making of loans in excess of $10,000 and the making of loans for business purposes. All loans made in excess of $10,000 are regulated by the Department of Financial Institutions in accordance with the Illinois General Interest Act (Ill. Rev. Stat.. Chapter 17, Par. 6401 et seq.)

Our licensed lenders react to the shifting lending environment by offering different services to meet the changes in consumer needs. As a result, the Department grants a myriad of Other Business Authorizations, provided the licensee can demonstrate that the additional service does not facilitate or evade the Consumer Installment Loan Act.

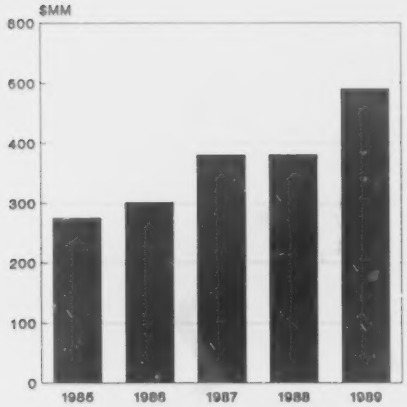
While the number of consumer installment licensees in Illinois (452 as of June 30, 1990) remains fairly constant, their combined adjusted net receivables increased from $1.2 billion to $2.9 billion over the past five years.

CONSOLIDATED STATISTICS

1985 - 1989

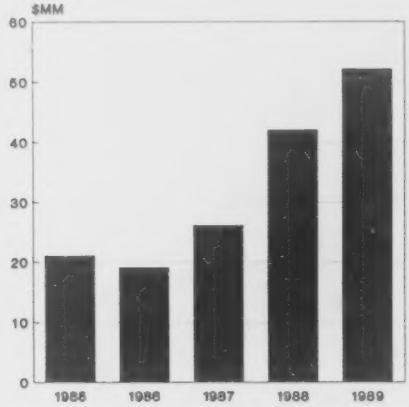
Compiled from Licensees' Annual Reports

I



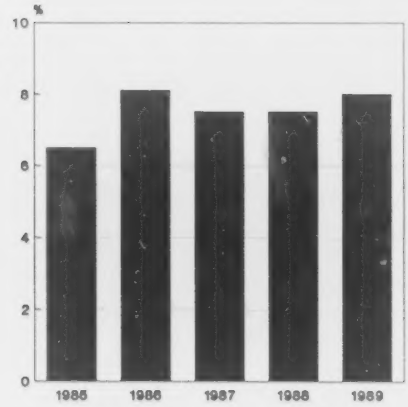
Operating Income

II



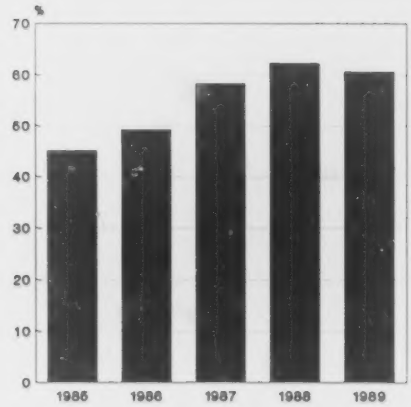
Net Income

III



Cost of Borrowed Capital
as % of Net Receivables

IV



Income from Other Business
as % of Total Income

CONSUMER INSTALLMENT LOAN ACT
CONSOLIDATED STATEMENT OF INCOME AND EXPENSE
January 1, 1989 - December 31, 1989

	CONSUMER INSTALLMENT LOAN	OTHER BUSINESS	TOTAL
INCOME			
Charges Collected and/or Earned	$ 156,672,140	$ 286,095,167	$ 442,767,307
OTHER INCOME			
a) Recording Fees	74,715	93,851	168,566
b) Interest on Bank Balances	113,406	64,238	177,644
c) Insurance Income	2,218,524	2,440,686	4,659,210
d) All Other Income	1,464,368	9,173,527	10,637,895
TOTAL OPERATING INCOME	$ 160,543,153	$ 297,867,469	$ 458,410,622
EXPENSES			
Advertising	$ 2,922,231	$ 3,271,643	$ 6,193,863
Auditing	219,758	407,363	627,121
BAD DEBTS			
a) Charge-offs	18,626,429	22,693,473	41,319,902
b) Deduct: Collections	(3,934,511)	(5,453,796)	(9,388,307)
c) Additions to Reserve for Bad Debts	12,198,466	7,836,518	20,034,988
Depreciation & Amortization	1,185,598	3,453,607	4,639,206
Insurance & Fidelity Bonds	1,059,580	1,253,674	2,313,255
Legal Fees & Disbursements	2,249,228	2,233,779	4,483,007
Postage, Printing, Stationery & Supplies	2,532,322	3,625,251	6,157,573
Rent, Janitorial Services & Utilities	4,569,252	5,818,360	10,387,612
Salaries of Officers, Owners & Partners	2,624,265	6,859,516	9,483,781
Salaries of All Other Employees	20,202,819	26,126,819	46,329,638
Taxes-Other Than on Income	753,180	2,126,884	3,580,065
License Fees	205,231	189,252	394,483
Telephone & Telgraph	1,567,433	2,117,701	3,685,140
Travel, Auto Expense & Allowance	867,671	1,212,642	2,080,314
Supervision & Administration (when not allocated to other items)	7,334,031	15,503,432	22,837,460
All Other Expenses	4,369,174	10,014,211	14,383,385
Interest Paid on Borrowed Funds	51,739,371	135,946,148	187,685,519
TOTAL EXPENSES BEFORE INCOME TAXES	$ 131,991,528	$ 245,236,477	$ 377,228,005
INCOME BEFORE INCOME TAXES	$ 28,551,625	$ 52,630,992	$ 81,182,617
LESS: INCOME TAXES			
State	1,791,090	4,652,966	6,444,056
Federal	7,541,405	14,458,732	22,000,137
NET INCOME	**$ 19,219,130**	**$ 33,519,294**	**$ 52,738,424**
Average Monthly Expense Per Account	32.56	30.20	30.99

CONSUMER INSTALLMENT LOAN ACT
CONSOLIDATED STATEMENT OF ASSETS
As of December 31, 1989

	CILA	O.B.A. R/E LOANS	SALES FINANCE	ALL OTHER BUSINESS	TOTAL
Cash on Hand & in Banks					$ 8,074,026
Short Term Investments					4,099,787
Receivables					
Gross Receivables	$ 868,906,267	$ 714,868,041	$ 467,645,905	$ 870,626,968	2,922,047,181
Less: Unearned Charges	187,115,820	54,885,675	101,227,891	22,491,209	365,720,595
Net Receivables	681,790,447	659,982,366	366,418,014	848,135,759	2,556,326,586
Less: Reserve for Bad Debts	21,726,507	12,357,957	15,613,209	6,823,700	56,521,373
Adjusted Net Receivables	660,063,940	647,624,409	350,804,805	841,312,059	2,499,805,213
Real Estate (Net of Depreciation)	2,965,325	0	0	467,106	3,432,431
Furniture, Fixtures and Autos (Net of Depr.)	5,968,781	0	0	10,836,348	16,805,129
Other Useful in Business	62,627,351	0	0	44,695,533	107,322,884
TOTAL ASSETS	$ 731,625,397	$ 647,624,409	$ 350,804,805	$ 897,311,046	$2,639,539,470
Average Number of Accounts Outstanding	337,843	56,113	244,281	376,268	1,014,505

CONSUMER INSTALLMENT LOAN ACT
DISTRIBUTION OF LOANS BY SIZE AND TYPE OF SECURITY
January 1, 1989 - December 31, 1989

	CILA		OTHER BUSINESS	
	NO.	PRINCIPAL BALANCE	NO.	PRINCIPAL BALANCE
Distribution by Size				
1,000 or less	72,632	$ 44,792,330	547,822	$ 298,666,064
1,001 to $ 3,000	125,914	234,788,794	204,731	238,284,818
3,001 to $ 5,000	33,909	125,636,453	178,827	206,772,558
5,001 to $10,000	14,371	130,843,748	14,160	80,396,932
10,001 to $25,000	0	0	9,963	153,752,378
25,001 and over	0	0	8,098	357,936,588
TOTAL LOANS MADE	246,826	$536,061,325	963,601	$1,335,809,338

CONSUMER INSTALLMENT LOAN ACT
DISTRIBUTION OF LOANS BY SIZE AND TYPE OF SECURITY (Continued)
January 1, 1989 - December 31, 1989

	CILA		OTHER BUSINESS	
	NO.	PRINCIPAL BALANCE	NO.	PRINCIPAL BALANCE
Distribution By Type of Security				
Based in Whole or Larger Part On:				
Household Goods	84,044	$ 164,333,976	702,828	$ 458,348,906
Motor Vehicle	22,076	62,327,183	45,954	172,709,809
Household Goods and Motor Vehicles	15,507	45,556,431	16,757	37,141,688
Other Chattels	16,155	41,915,664	88,454	108,066,963
Comaker Endorsed or Guaranteed	4,877	7,133,989	1,665	5,581,734
Wage Assignments	26,522	29,818,496	1,987	1,538,785
Unsecured	69,443	105,774,581	73,946	61,315,459
Real Estate	8,202	79,201,005	32,385	504,696,727
TOTAL LOANS MADE	246,826	$ 536,061,325	963,976	$1,349,400,071

CONSUMER INSTALLMENT LOAN ACT
DELINQUENCY AND LEGAL ACTION SUMMARY
January 1, 1989 - December 31, 1989

	CILA		OTHER BUSINESS	
	NUMBER OF ACCOUNTS	UNPAID PRINCIPAL BALANCE	NUMBER OF ACCOUNTS	UNPAID PRINCIPAL BALANCE
Accounts With No Payment Either of Principal or of Charges For:				
60-89 Days	7,614	$ 15,080,420	19,847	$ 34,372,046
90 Days or More	10,196	32,128,956	21,040	40,729,251
TOTAL	17,810	$ 47,209,376	40,887	$ 75,101,297
Delinquency as a Percent of Gross Outstanding Loans	5.4%		3.7%	

CONSUMER INSTALLMENT LOAN ACT
DELINQUENCY AND LEGAL ACTION SUMMARY (Continued)
January 1, 1989 - December 31, 1989

	CILA		OTHER BUSINESS	
	NUMBER OF ACCOUNTS	UNPAID PRINCIPAL BALANCE	NUMBER OF ACCOUNTS	UNPAID PRINCIPAL BALANCE
Accounts on Which a Bankruptcy Notice was Received During the Year:				
Chapter Thirteen	2,220	$ 6,326,692	1,827	$ 6,169,781
All Other Chapters	5,218	13,432,609	2,976	9,556,129
TOTAL	**7,438**	**$ 19,759,301**	**4,803**	**$ 15,725,910**
Number of Wage Assignments Filed:	4,739		14,162	
Suits for Recovery of Judgement:				
Pending at Beginning of Year	848	$ 1,835,778	2,564	$ 5,736,222
Instituted During Year	2,669	6,062,042	3,132	7,122,820
Settled Before Judgement	431	884,078	523	1,492,825
Judgement Obtained	1,731	3,768,727	2,154	5,416,344
Pending at Year End	1,355	3,245,015	3,019	5,949,873
Real Estate Foreclosure	102	1,517,958	188	5,221,453
Possession of Security Obtained by Licensee				
Household Goods	204	$ 397,334	152	$ 199,460
Motor Vehicle	534	2,057,062	1,264	22,474,281
Other Chattels	34	91,953	82	154,702
Real Estate	47	847,515	147	5,075,130
TOTAL	**819**	**$ 3,393,864**	**1,645**	**$ 27,903,573**

	HOUSEHOLD GOODS	MOTOR VEHICLE	OTHER CHATTELS	REAL ESTATE
Sale of Security by Licensees				
Number	276	1,307	1,084	135
Amount Due	$ 502,227	$ 3,830,246	$ 185,849	$ 4,629,579
Amount Collected	$ 71,682	$ 2,088,497	$ 66,875	$ 3,414,723

CONSUMER INSTALLMENT
OTHER BUSINESS AUTHORIZED IN LICENSED OFFICES
January 1, 1989 - December 31, 1989

An ever-increasing number and variety of financial services are being offered by Consumer Installment Loan licensees. These other businesses now account for an average of 62% of our licensees' total income. Categories of other businesses providing the greatest dollar volume are listed below.

1.	Sales Finance	
	Number of contracts purchased	$ 286,676
	Dollar amount of contracts purchased	$ 457,980,685
	Gross Income	$ 79,079,926
	Losses charged off	$ 12,441,026
2.	Credit Life & Disability Insurance	
	Coverage written	$ 1,289,552,655
	Premiums charged	$ 45,401,680
	Income to licensees	$ 3,126,822

The Department of Financial Institutions grants an Other Business Authorization (OBA) to consumer credit companies making loans over $10,000 that are secured by residential mortgages on private homes. An OBA granted to a parent company applies to all branch offices.

3.	Residential Real Estate Mortgage Loans	
	Number of loans made	38,029
	Total amount of loans-net of charges	$ 926,055,516
	Losses charged off	1,056
	Amount of losses	$ 9,523,243

The Consumer Installment Loan Act authorizes a licensee to make business loans after securing an Other Business Authorization from the Department. Such loans are examined by the Division to ensure compliance with the Banking and Interest Acts.

4.	Business Loans	
	Number of loans made	7,581
	Total amount of loans-net of charges	$ 8,581,103

DEVELOPMENT CREDIT CORPORATION ACT

This Act provides for the organization of corporations designed to make loans to small or medium-sized businesses

which are unable to obtain financing through more conventional sources. They encourage the development and advancement of business prosperity and economic welfare in the State, assist in the expansion of existing industries and the creation of new industries, and provide for maximum employment opportunities.

FINANCIAL PLANNING AND MANAGEMENT SERVICES ACT

The Division licenses and regulates businesses engaged in managing personal financial affairs by receiving funds and distributing same to their creditors. Annual licensee examinations ensure adequate budgetary pre-planning for every client, proper contractual procedures, and accurate accounting of payments, deposits, and individual account balances. Each licensee maintains a surety bond in the sum of $7,500 to assure faithful performance by the licensee of all obligations required under the Act.

Year	Number of Licensees
1986	13
1987	13
1988	14
1989	14
1990	10

FOREIGN EXCHANGE ACT

The Division licenses and regulates the business of buying and selling foreign exchange and transmission or transfer of money to foreign countries. Governmental departments and corporations organized under the general banking laws of this State or of the United States are exempt from the provisions of the Act. For the protection of the user of a Foreign Exchange, each licensed firm maintains an approved bond of $25,000. The Director may, without a complaint, and shall upon receipt of a verified complaint, investigate the actions of any licensee.

Year	Number of Licensees
1986	7
1987	11
1988	11
1989	13
1990	12

MOTOR VEHICLE RETAIL INSTALLMENT SALES ACT

The Motor Vehicle Retail Installment Sales Act regulates the retail installment sale of motor vehicles. The lender is required in the contract to provide certain notices, content, and disclosures for the protection of the consumer. Various limitations, prohibitions, and enforcement provisions directed toward the operations are also included.

PAWNERS' SOCIETIES

The Pawners' Societies Act allows corporations to loan money on personal property; limits the charges that may be made by such corporations; and requires that such corporations prepare a detailed annual report for the Department of Financial Institutions. As of this date, no Pawners' Societies have been incorporated in Illinois.

RETAIL INSTALLMENT SALES ACT

The Retail Installment Sales Act regulates the retail installment sale of goods used primarily for personal, family, or household purposes, other than motor vehicles and the retail installment sales of services. This Act is similar to the Motor Vehicle Retail Installment Sales Act in its provisions for the protection of the consumer and operations of the lender's business. Between the two Acts, the consumer of retail goods purchased using retail installment credit is fully protected.

SAFE DEPOSIT BOXES, SAFES, AND VAULTS ACT

The Division licenses and regulates the business of keeping and letting safe keeping devices by businesses other than banks and savings and loan associations. Licensees are inspected annually by the Department for compliance with the provisions of the Act and to ensure maintenance of proper records and procedures of entry and opening of boxes as well as annual testing of locks and alarm systems.

Year	Number of Licensees
1986	16
1987	18
1988	19
1989	17
1990	17

SALE OF EXCHANGE ACT

The Division licenses and regulates 14 companies engaged in the business of selling or issuing exchange at multiple locations through agents, sub-agents or representatives as a service or for a fee. The Act is not applicable to government departments, corporations organized under the general banking laws of this State or of the United States who issue or sell their exchange, and persons licensed under the auspices of the Currency Exchange Act.

Exchange is defined as any check, draft, money order or other written instrument for transmission or payment of money or credit excluding money or currency.

Those authorized to operate under the Sale of Exchange Act furnish a surety bond of up to $1,000,000, submit an annual report to the Department on or before the first day of December for the preceding fiscal year, and are audited annually by certified public accountants who submit a copy of their report to the Department.

SALES FINANCE AGENCY ACT

As defined by the Illinois Sales Finance Agency Act; the regulations and licensing of the activity of "(p)urchasing or making loans secured by retail installment contracts, retail charge agreements or the outstanding balances under such contracts or agreements" is protected. As of June 30, 1990, there were 218 licensees operating under this statute. Each of these licensees are examined annually to ensure compliance with the Act and appertaining Rules in conjunction with the following statutes:

Retail Installment Sales Act (Ill. Rev. Stat., chapter 121 1/2, par. 501 et seq.)
Motor Vehicle Retail Installment Sales Act (Ill. Rev. Stat., chapter 121 1/2, par. 561 et seq.)
Federal Trade Commission credit rules.

TITLE INSURANCE ACT

There are 22 title insurance companies certified by the Director to conduct the business of guaranteeing or insuring titles to real estate. As a result of the new Title Insurance Act over 2,000 title insurance agents are registered with the Department.

Title insurance companies are examined annually by the Department to ensure acceptable management practices and

verify that there is no evidence of financial impairment. Title insurance agents may be examined by the Department upon the showing of good cause and with the cooperation of the title insurance companies.

Protection of the insured is guaranteed by requiring each title insurance company to maintain, on deposit with the Department of Financial Institutions, $50,000 in approved securities plus $5,000 for each additional county in which the company operates, up to a maximum of $500,000. If the company operates in a county with a population over 500,000, the deposit is the maximum amount of $500,000.

19 of the 22 title insurance companies doing business in the State of Illinois are domiciled in another state and are subject to the retaliatory provisions of the Title Insurance Act. These provisions allow Illinois domiciled title insurance companies to compete on an equal footing in other states. As a result, the Department collected a total of $1,129,779.84 in retaliatory fees.

The new Title Insurance Act requires certification of independent escrowees who receive deposits, in trust, for the purpose of effecting the sale, transfer, encumbrance or lease of real property. Currently, there is only one Company certified in Illinois as an independent escrowee.

The Title Insurance Act modernized title insurance regulation in Illinois, benefiting consumers and lenders. The new Act includes such regulations as: statutory premium reserve and known claims reserves; registration of title insurance agents; certification of independent escrowees; a disclosure statement when a producer of title business has a financial interest in a certified title company, registered agent, or independent escrowee; and the ability to rely upon and enforce the prohibitions set forth in the Real Estate Settlement Procedures Act (RESPA); etc.

The following is a comparative consolidated balance sheet and income statement as prepared by the certified title insurance companies for the periods ending December 31, 1989 and December 31, 1988.

TITLE INSURANCE
COMPARATIVE CONSOLIDATED BALANCE SHEET

	1989	1988
ASSETS:		
Bonds (1)	$ 833,387,352	$ 801,382,612
Preferred Stock (2)	27,513,788	21,451,934
Common Stock	803,283,147	533,546,268
Mortgage Loans on Real Estate	42,352,030	36,928,559
Real Estate Occupied by the Company (3)	56,511,008	77,103,247
Other Properties (3)	19,310,627	17,923,168
Collateral Loans	12,468,515	13,409,056
Cash	289,721,763	338,652,777
Short Term Investments	396,553,868	415,367,884
Title Plant	147,306,842	143,467,957
Title Insurance Premiums & Fees Receivable	82,176,262	107,251,115
Federal Income Tax Receivable	26,947,829	14,297,019
EDP Equipment	22,603,829	28,012,783
Accrued Interest, Dividend & Real Estate Income	26,699,085	18,950,318
Other Assets	22,907,276	42,907,120
Due from Affiliates, Subsidiaries	27,006,763	14,887,598
Total Assets (4)	$ 2,836,749,984	$ 2,625,539,415
LIABILITIES:		
Losses adjusted but unpaid, due and to become due	$ 3,442,565	$ 2,965,176
Undetermined title losses - notice has been received	283,882,220	242,013,309
Statutory Premium Reserve	818,340,083	983,259,300
Other Reserves	1,818,098	9,416,283
Charges Due Attorneys, Agents, Real Estate Brokers	4,175,720	780,057
Other Expenses (Excluding Taxes, Licenses & Fees)	138,084,782	152,908,974
Taxes,Licenses & Fees	19,808,891	13,361,074
Federal Income Tax	28,306,108	2,143,795
Borrowed Money	8,259,541	11,328,155
Interest on Borrowed Money	2,312,408	2,318,715
Accounts and Notes Payable	97,340,994	72,049,782
Premiums Received in Advance	3,248,635	2,908,479
Withheld or Retained for Accounts of Others	239,869,917	30,067,483
Unpaid Dividends	1,600,005	6,321,342
Long Termed Obligations	3,957,103	25,385,477
Total Liabilities	$ 1,654,447,070	$ 1,557,227,401
SURPLUS AND OTHER FUNDS:		
Capital paid up	$ 225,905,056	$ 344,447,655
Gross paid in and contributed surplus	438,856,842	271,600,930
Special Surplus Funds	14,651,408	19,527,408
Unassigned Surplus	501,996,428	432,797,821
Treasury Stock - shares common	893,180	(61,800)
Treasury Stock - shares preferred	0	0
Total Surplus as Regards Policyholders	$ 1,182,302,914	$ 1,068,312,014
TOTAL LIABILITIES, SURPLUS & OTHER FUNDS	$ 2,836,749,984	$ 2,625,539,415

FOOTNOTES:

(1) Bonds listed at Amortized Book Value
(2) Stock listed at Market Value
(3) Book Value of Real Estate less Encumberances
(4) Net Admitted Assets

TITLE INSURANCE
COMPARATIVE CONSOLIDATED STATEMENT OF INCOME AND EXPENSES

	1989	1988
OPERATING INCOME		
Title Insurance Premiums Earned	$2,899,218,803	$2,798,661,767
Service Charges:		
Title Examinations	91,481,121	113,610,563
Searches and Abstracts	49,744,085	62,953,578
Surveys	995,462	937,840
Trustee, Agency and Escrow Fees	116,742,579	130,430,768
Other Title Fees	54,415,301	48,686,980
Mortgage Division Income	0	0
Other Operating Income	29,847,713	9,173,586
Total Operating Income	$3,242,445,064	$3,164,455,082
Deduct:		
Losses and Loss Adjustment Expenses Incurred	$ 342,678,952	$ 323,406,466
Operating Expenses Incurred	3,059,545,813	2,968,227,879
Other Deductions	5,059,383	1,522,718
Total Operating Deductions	$3,407,284,148	$3,293,157,063
Net Operating Gain/(Loss)	($ 164,839,084)	($ 128,701,981)
INVESTMENT INCOME		
Net Investment Income Earned	$ 211,790,170	$ 184,546,774
Net Realized Capital Gains and (Losses)	11,565,284	14,667,885
Net Investment Gain or (Losses)	$ 223,355,454	$ 199,214,659
NET INCOME BEFORE FEDERAL INCOME TAXES	$ 58,516,370	$ 70,512,678
FEDERAL INCOME TAXES INCURRED	(18,992,620)	10,750,647
NET INCOME	**$ 77,508,990**	**$ 59,762,031**

TITLE INSURANCE

DIRECT PREMIUMS WRITTEN IN ILLINOIS

COUNTY	AMOUNT	COUNTY	AMOUNT	COUNTY	AMOUNT
ADAMS	$ 175,426	HARDIN	$ 1,773	MORGAN	$ 57,848
ALEXANDER	42	HENDERSON	79	MOULTRIE	9,454
BOND	28,209	HENRY	52,355	OGLE	179,679
BOONE	80,813	IROQUOIS	91,957	PEORIA	798,886
BROWN	6,911	JACKSON	101,018	PERRY	26,252
BUREAU	90,161	JASPER	2,929	PIATT	40,258
CALHOUN	0	JEFFERSON	137,527	PIKE	42,693
CARROLL	69,048	JERSEY	25,982	POPE	0
CASS	23,188	JO DAVIESS	71,094	PULASKI	137
CHAMPAIGN	974,826	JOHNSON	18,936	PUTNAM	24,132
CHRISTIAN	40,919	KANE	2,832,345	RANDOLPH	42,787
CLARK	0	KANKAKEE	317,514	RICHLAND	8,920
CLAY	3,132	KENDALL	11,168	ROCK ISLAND	357,828
CLINTON	88,808	KNOX	110,799	ST. CLAIR	1,133,608
COLES	65,175	LAKE	5,048,499	SALINE	30,168
COOK	34,520,529	LASALLE	340,534	SANGAMON	826,743
CRAWFORD	2,024	LAWRENCE	15,550	SCHUYLER	9,085
CUMBERLAND	0	LEE	137,121	SCOTT	12,601
DEKALB	426,981	LIVINGSTON	88,409	SHELBY	39,432
DEWITT	41,665	LOGAN	52,015	STARK	22,186
DOUGLAS	37,235	MCDONOUGH	62,754	STEPHENSON	122,617
DUPAGE	8,792,285	MCHENRY	2,864,172	TAZEWELL	412,205
EDGAR	32,368	MCLEAN	641,724	UNION	19,300
EDWARDS	1,258	MACON	419,440	VERMILION	254,204
EFFINGHAM	109,521	MACOUPIN	48,206	WABASH	5,259
FAYETTE	31,453	MADISON	1,726,174	WARREN	42,018
FORD	34,381	MARION	141,126	WASHINGTON	31,483
FRANKLIN	77,294	MARSHALL	19,774	WAYNE	3,801
FULTON	57,053	MASON	15,162	WHITE	8,089
GALLATIN	8,235	MASSAC	11,198	WHITESIDE	217,310
GREENE	8,735	MENARD	71,800	WILL	2,719,997
GRUNDY	251,881	MERCER	28,176	WILLIAMSON	88,946
HAMILTON	6,362	MONROE	165,977	WINNEBAGO	796,110
HANCOCK	29,912	MONTGOMERY	62,420	WOODFORD	95,758

TOTAL DIRECT PREMIUMS WRITTEN IN ILLINOIS $ 70,331,331

Unclaimed Property Division

BACKGROUND

The Unclaimed Property Division administers one of the oldest and most important consumer protection laws in Illinois. Prior to passage of the legislation in 1961, holders of unclaimed financial assets were able to profit from the use of money that belonged to others. Realizing this was unfair, the Illinois Legislature passed the Uniform Disposition of Unclaimed Property Act ("Act"), recognizing that if true owners or heirs could not be found, the benefit of unclaimed assets should accrue to all the people of Illinois and not just the holders of unclaimed assets.

The Act requires all entities - private, public, and governmental - to remit all financial assets to the State if unclaimed for seven years or more. Unclaimed property can be any financial asset including abandoned savings and checking accounts, unpaid wages or commissions, stock, uncashed dividends, customer deposits or overpayments, credit balances, refunds, money orders, travelers checks, and paid-up life insurance policies, etc.

Because the Illinois unclaimed property statute is custodial in nature, an owner or heir can always claim funds that were remitted to the Division. This differs from an "escheat state" in which, after a mandated period, funds remitted to the state become the state's property and can no longer be claimed by an owner or heir.

The Illinois law was modified in 1990. The changes provide the Division with better control over the collection and payment of unclaimed funds. The holder's reporting and remittance responsibilities, once separate functions, have been combined into a single annual report. This simplifies the duties of holder organizations and provides the Division with complete control over the reimbursement of funds to unclaimed property owners. Additionally, commissions for finder firms changed to a flat 10% fee payable only on assets in the possession of the Division for more than two years. This change provides improved consumer protection.

OPERATIONS

Another Record Year of Growth

The Division experienced another year of growth in the total income collected. The record breaking total of $26,946,295

exceeds the FY'89 total of $26,130,013 by $816,282.

Revenue, Expenditures and Appropriations

Since 1961, $240,622,000 has been received from business organizations and financial institutions.

Total revenue in FY 1990 was $26,946,289. Of this amount, $66,720 was generated from examination fees charged to holder institutions. Division operating expenses totaled $2,023,757.

During FY'90, the Division received $26,879,575 in unclaimed assets. The funds are maintained in special accounts and are not used for the general operation of state government. The State Treasurer accepts the unclaimed assets and applies the funds to retirement system accounts in the following manner:

Account	FY'91 Allocations	Allocations Since 1977
State Teachers	$23,958,000	$ 86,761,500
State University	11,490,400	48,574,000
State Employees	6,048,700	32,762,200
Judges	842,100	4,957,500
General Assembly	160,800	664,800
Total	$42,500,000	$173,720,000

(See Graph 1 for information about appropriations to State Retirement funds.)

Methods for Locating Owners

The Division attempts to locate the rightful owners or heirs of unclaimed assets. The primary tool for locating owners is the bi-annual publication of owners' names in the county of their last known address. The Division published names in January and June. In FY'90, the Division published the names of 40,952 owners in newspapers located in 102 counties. (See Bar Graph 3 regarding the number of owner names published.)

In FY 1990, the Division initiated a thorough review of the names publication program; in part due to the rapidly escalating costs of newspaper advertising. The decision, in March 1990, to purchase newspaper space and conduct media

relations "in-house", rather than contract with a private advertising agency, was a success with the June, 1990 publication. The Department realized a cost reduction of $11.41 per name to $6.56.

Additionally, the Division provides State Legislators lists of unclaimed property owners whose last known addresses are in their districts. Each year, thousands of owners are reunited with their assets as a result of the legislator's contact. The Division also performs owner discovery through special mailings, personal contact, etc. Public education programs, such as state fair booths, handouts, flyers, speaking engagements and media interviews, help citizens identify Illinois unclaimed property.

Reports

The Division annually mails approximately 55,000 notices, publication reports, remittance reports and other report-related items to organizations holding unclaimed funds. The notices and reports are necessary for voluntary compliance with the Act.

The Division received a record breaking total of $25,461,843 from the voluntary compliance reporting of holder organizations and added as many as 180,000 additional owners to the unclaimed property owner files during FY'90.

Further, the Division streamlined procedures for data entry of reports; enabling publications to be more complete, owners to be notified quicker, and assets to be retrieved sooner.

Claims

The Division received and processed 19,923 consumer inquiries in FY'90. (See Bar Graph 4 regarding consumer inquiries.)

The Division paid 3,365 claims; returning unclaimed assets totaling $3,313,198. As a result of the bi-annual publication of owners' names, it is estimated an additional $10,000,000 is returned each year to the rightful owners or heirs by holder institutions.

Since inception of the Act in 1961, the Division has returned $24,633,529 to 37,893 owners.

Fiscal Year	Number of Claims Paid	Amount
1986	2804	$ 1,948,385
1987	3297	$ 1,835,829
1988	4055	$ 2,805,404
1989	3793	$ 2,637,726
1990	3365	$ 3,313,198

(See Bar Graphs 5 and 6 regarding owner claims and assets remitted to them.)

Examinations

To ensure compliance with the Uniform Disposition of Unclaimed Property Act, the Division conducts on-site examinations of holder organizations. The examination educates holders on the proper method of recording and reporting unclaimed assets and ensures review of existing records to determine the accuracy of the annual publication and remittance reports.

The Division's examiners assist holder organizations in preparing reports. The Division received $1,417,732 in unclaimed funds as a direct result of the 280 examinations performed this year. (See Bar Graph 7 for further information.)

Safe Deposit Section

The collection of contents from dormant safe deposit boxes is an ongoing activity for this Division. Once all the items are catalogued, an attempt to locate the property's owners is made through bi-annual publication of their names. If the owner does not come forward, the items are appraised and sold at public auction within a year. The proceeds less commission charges are held for the rightful owner or heir.

Coins and currency without auctionable value are deposited with the State Treasurer and maintained in the same manner as other financial assets. Firearms are deposited with the Illinois State Police. Military records are returned to the United States Veteran's Administration, wills are kept for future reference, and urns are turned over to the Cook County Coroner.

Safe deposit box items of personal value, but which have no monetary value, include miscellaneous papers, deeds,

insurance policies, receipts, cancelled checks, and photographs. These items are destroyed.

During FY'90, the Division received the contents of 2,364 safe deposit boxes. The Division reimbursed 55 holders for a total of $11,263.09 due them for costs incurred opening the safe deposit boxes. Proceeds from auctions totaling $59,015 and monetary assets of $108,605 were deposited with the State Treasurer.

Members of the safe deposit section routinely make presentations to the Illinois Safe Deposit Association and the National Safe Deposit Association's local chapters. Association members receive current information on the Division's activities and are given updated instructions on reporting procedures.

Safe Deposit Activity since FY'86

Year	Boxes Collected	Auction Receipts	Monetary Contents	Total
1986	5407	$ 24,919	$ 54,465	$ 79,375
1987	2227	43,186	67,537	110,723
1988	2735	30,847	89,595	120,442
1989	2590	36,970	52,410	89,380
1990	2364	59,015	108,605	167,620

(See Graphs 8 and 9 regarding the number of safe deposit boxes collected and cash assets received.)

Stock Program

The Unclaimed Property Division's stock section receives stock and related dividends from annual remittances, examinations, safe deposit box contents, the Unclaimed Property Clearinghouse and the National Abandoned Property Processing Company.

Stock and dividends are processed similar to safe deposit box contents. If an owner comes forward and there is an approved claim, the shares are reissued to the claimants. If no claimant comes forward, the shares are sold through a brokerage firm. The net proceeds are recorded for future claim by the rightful owner or heir.

In FY'90, the Unclaimed Property Division received $1,707,020 in remittances from the Unclaimed Property Clearinghouse. Remittances from both the Division's sale of stock and the Unclaimed Property Clearinghouse accounted for $2,015,867 of the Division's FY'90 annual income.

During FY '90, the Division entered into a limited contract with the National Abandoned Property Processing Company (NAPPCO) to examine and remit unclaimed property from specified out-of-state holders. NAPPCO remitted $50,185.89. The Division is working with NAPPCO to establish a contractual relationship permitting examination and remittance of property from more out-of-state holders.

YEAR IN REVIEW

July -- Colleen Connor appointed Assistant Supervisor, Unclaimed Property Division, Springfield office.

August -- The Department of Financial Institutions' Unclaimed Property Division operates an information booth in the Governor's Tent at the Illinois State Fair, August 10 through August 20, 1989.

September -- As part of a continuing holder out-reach program, Larry Driver and William Golden spoke at the Central Chapter of the Illinois Safe Deposit Association in Peoria

October -- The Division Administrator, Karen Anderson, met with representatives from the State of New York to discuss a reciprocity agreement.

November -- On November 1, the Chicago unclaimed property office was featured on an ABC-TV news report by Chicago financial columnist, Andrew Leckey.

December -- Colleen Connor, Assistant Supervisor, made a presentation to the State of Illinois Savings and Loan examiners as part of their training seminar in Jacksonville, Illinois.

January -- A record breaking number of unclaimed property owners' names were published (26,751) the week of January 21 through 25, 1990.

February -- Several members of the Unclaimed Property Division gave three-hour seminars at the American Institute of Banking in Chicago on February 21, 1990.

March -- The Division processed the following consumer inquiries during January, February and March.

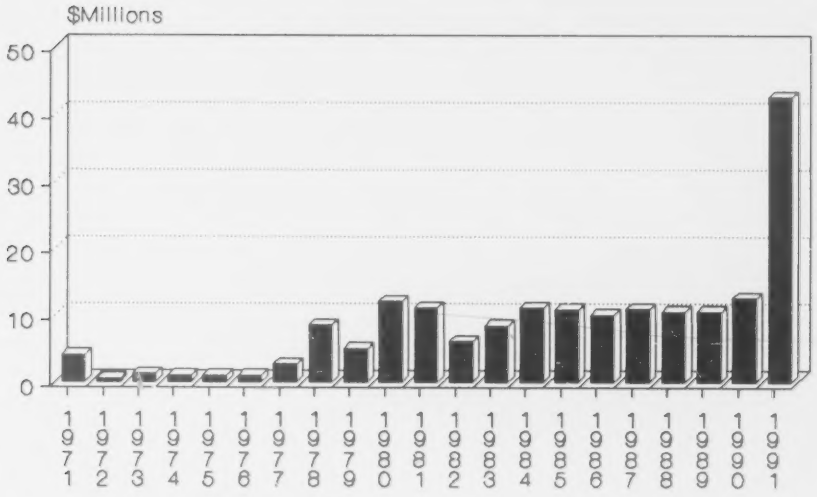
Publication	5,629
Legislative	1,400
General	1,753
Total Inquiries	8,782

April -- On April 2, 1990, Assistant Supervisors Connor and Margalus gave an unclaimed property presentation to the Chicago Tax Club at the O'Hare Expo Center in Rosemont, Illinois.

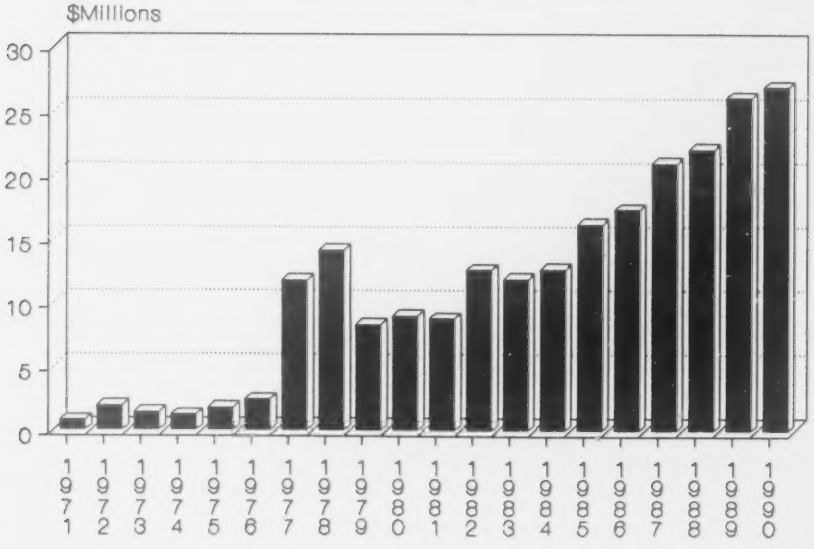
May -- Karen Anderson, Administrator, and William Margalus, Assistant Supervisor, attended the NAUPA Mid-Year Conference and Clearinghouse meeting in Atlanta, Georgia, May 21 through 23, 1990.

June -- Once again, the Unclaimed Property Division broke previous fiscal year records with the receipt of $26,879.575.00 in unclaimed assets and payment of $3,313,198.00 in claims. Reciprocity agreements were established with New York, Texas, and California.

APPROPRIATIONS
To Retirement Funds

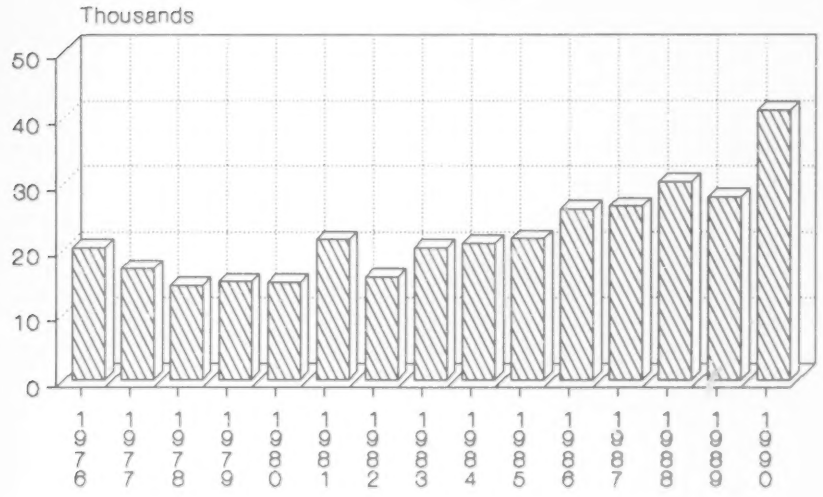


UNCLAIMED ASSETS REMITTED



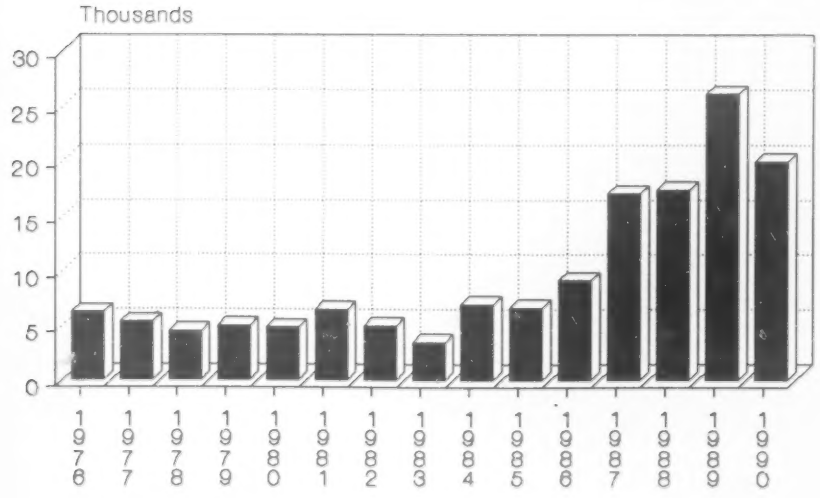
UNCLAIMED PROPERTY

Number of Names Published

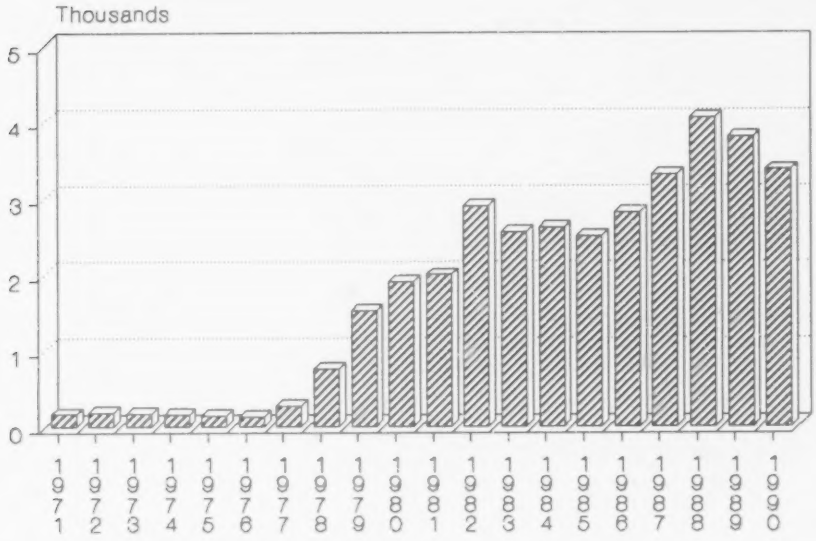


UNCLAIMED PROPERTY

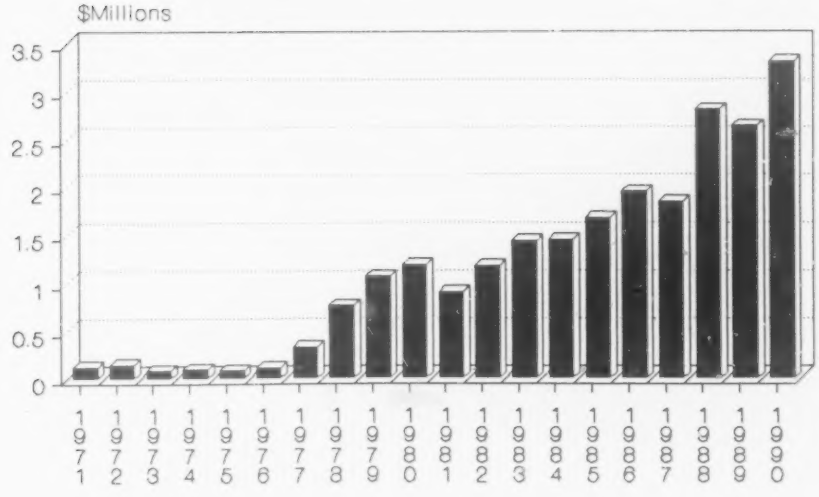
Number of Inquiries Received



Number of Claims Processed

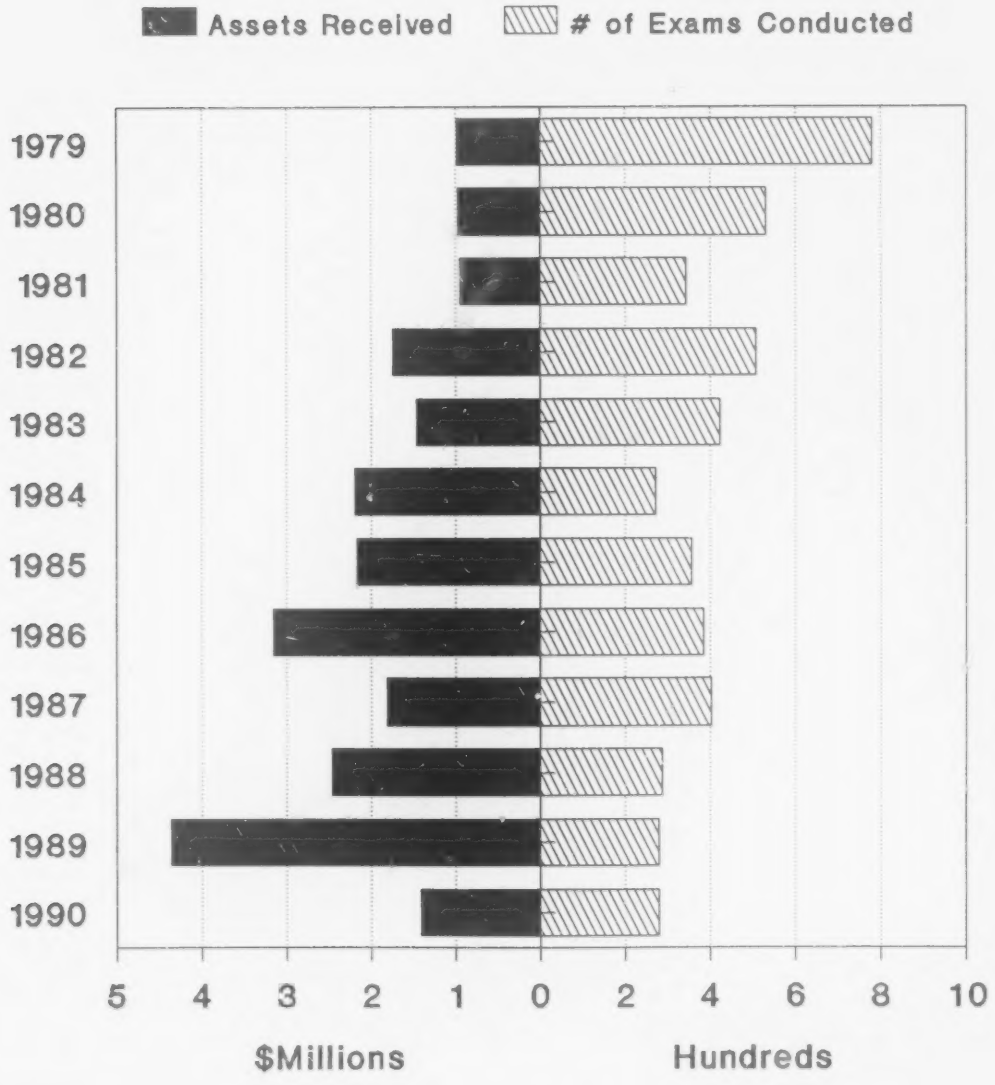


Abandoned Assets
Paid to Claimants



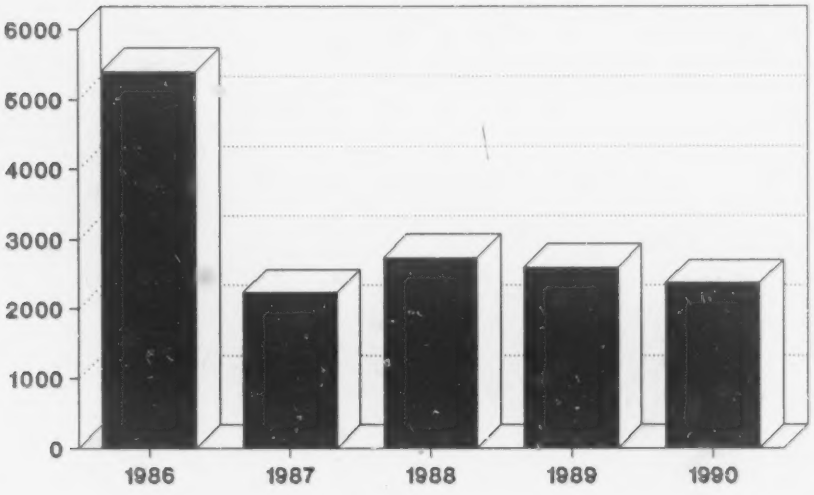
Examinations

Total Assets Remitted FY'79 - FY'90



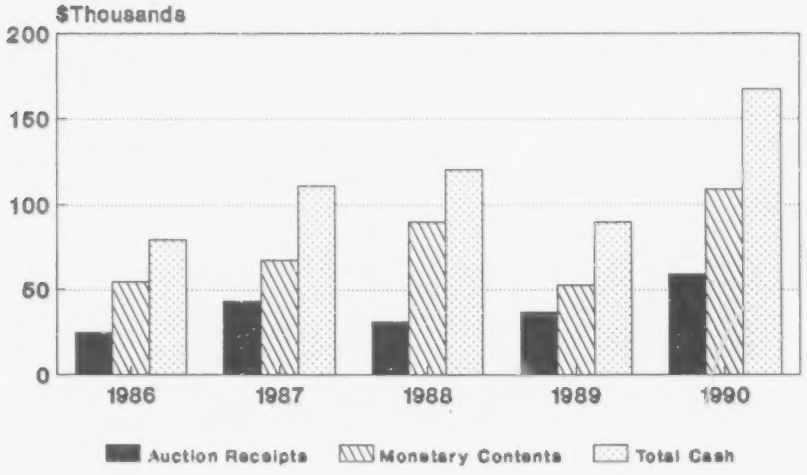
SAFE DEPOSIT BOX

Number of Boxes Collected FY'86 - FY'90

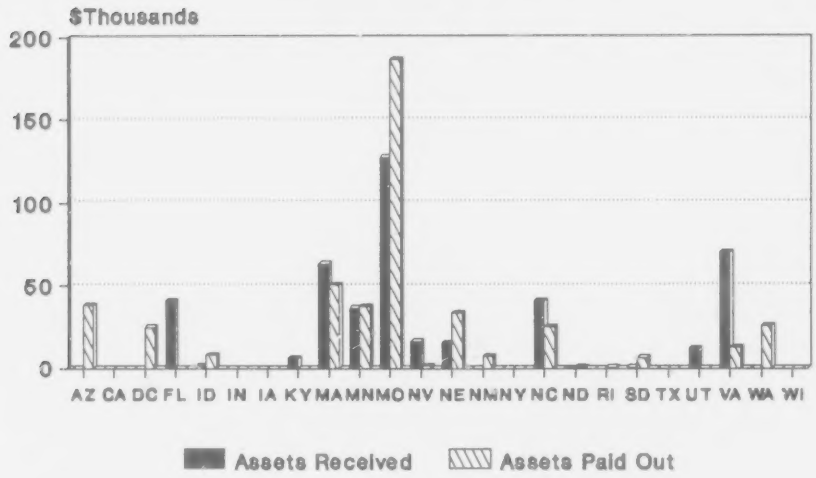


SAFE DEPOSIT BOX

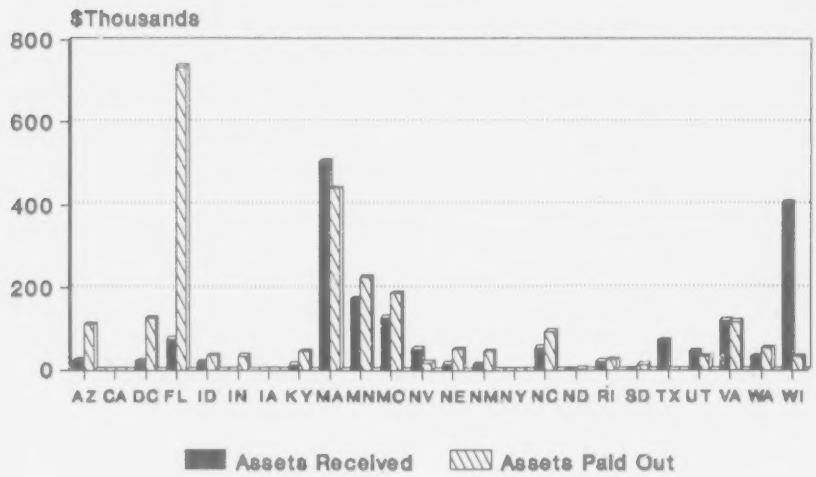
Cash Assets from Safe Deposit Boxes



RECIPROCITY
Assets Exchanged FY'90



RECIPROCITY
Total Assets Exchanged FY'81 - FY'90



INTERSTATE COOPERATION

The State of Illinois successfully promotes mutual exchange of unclaimed funds with other states. Currently, the Division has reciprocity agreements with 23 states and the District of Columbia. During FY'90 the Division exchanged $891,990.59 with other states. In FY'90, Illinois added three new states to its reciprocity program; California, Iowa and New York.

The reciprocal agreements make filing requirements easier for large companies, provides residents broader exposure to unclaimed funds, and promotes harmony and cooperation between the States.

FY'90 Reciprocity

State	Received FY'90	Paid FY'90	Total Received	Total Paid
Arizona	$0.00	$38,383.97	$24,437.31	$110,915.98
California	$0.00	$0.00	$0.00	$0.00
District of Columbia	$0.00	$24,778.33	$21,734.23	$125,828.52
Florida	$40,904.27	$0.00	$75,824.08	$736,057.43
Idaho	$1,502.73	$8,023.25	$19,922.91	$34,945.26
Indiana	$0.00	$0.00	$0.00	$33,324.71
Iowa	$0.00	$0.00	$0.00	$0.00
Kentucky	$6,162.90	$0.00	$12,442.19	$46,079.37
Massachusetts	$63,394.86	$50,821.39	$505,708.58	$440,576.37
Minnesota	$36,655.89	$37,409.82	$174,636.80	$226,545.37
Missouri	$127,561.10	$186,663.49	$127,561.10	$186,663.49
Nevada	$16,328.00	$1,447.49	$51,641.76	$17,933.11
Nebraska	$15,366.11	$33,788.36	$15,366.11	$49,916.92
New Mexico	$0.00	$7,496.60	$14,430.81	$45,554.79
New York	$0.00	$0.00	$0.00	$0.00
North Carolina	$40,691.01	$25,080.76	$54,558.70	$93,943.77
North Dakota	$271.82	$1,002.18	$454.36	$2,271.16
Rhode Island	$0.00	$499.72	$20,399.39	$25,267.09
South Dakota	$666.00	$6,488.08	$1,355.45	$12,443.31
Texas	$0.00	$0.00	$71,207.85	$0.00
Utah	$11,802.41	$0.00	$45,933.98	$32,743.94
Virginia	$70,216.58	$12,753.53	$120,466.05	$117,715.72
Washington	$0.00	$25,839.85	$33,125.68	$52,617.03
Wisconsin	$0.00	$0.00	$406,138.72	$320,735.28
Totals	$431,523.68	$460,476.91	$1,797,346.06	$2,712)78.62

REMITTANCE AND OTHER INCOME

The Department continued to expand the amount of money received as well as money returned in 1990. The increased revenue and claims paid can be attributed to several factors: increased citizen awareness, improved voluntary compliance by holder organizations and a division reorganization to process additional amounts of work.

	1990	1989	1988	1987	1986
Holder Remittances	$21,898,444	$19,322,384	$18,274,880	$17,806,276	$13,370,276
Unclaimed Money Orders	561,436	507,054	525,035	646,072	394,705
Examination Remittances	1,417,732	4,359,325	2,464,699	1,805,348	3,150,977
Examination Fees	66,720	83,455	85,942	11,183	144,120
Clearinghouse	1,707,020	1,271,560	0	0	0
Dividends – Accuring to Stock Held by Dempartment	386,778	82,634	85,475	13,378	11,484
Auc ons – Sale of Safe Deposit Contents	59,015	36,970	30,847	43,186	24,910
Direct Deposit – Safe Deposit Section, Money Without Numismatic Value	108,605	52,410	89,595	67,537	54,465
Sale of Stock	308,847	90,155	106,081	398,555	223,480
Reciprocity Remittance	431,523	322,828	445,001	128,049	78,758
Miscellaneous	175	1,238	360	12,923	273
TOTAL INCOME	$26,946,295	$26,130,013	$22,107,915	$20,932,507	$17,453,448
TOTAL CLAIMS	3,313,198	2,637,726	2,805,404	1,835,829	1,948,385
NET COLLECTIONS	$23,633,097	$23,492,287	$19,302,511	$19,096,678	$15,505,063

Currency Exchange Division

BACKGROUND

Under the authority of the Currency Exchange Act, Illinois Revised Statutes, Chapter 17, paragraph 4801 et. seq., the Currency Exchange Division licenses and regulates all Illinois community and ambulatory currency exchanges. The Act protects the public and maintains the integrity of the currency exchange industry. The attendant Rules and Regulations delineate records, rates, and rate-making procedures.

Currency exchanges provide important services to our citizens. The Division ensures these services are delivered fairly and efficiently and that the public is provided with all the safeties and protections intended by State law.

Community currency exchanges are housed in permanent locations and offer a variety of financial and financially related services to consumers. In addition to cashing checks and selling money orders, the Director may allow additional services in licensed exchanges if they are consistent with the provisions of the Act, are within its meaning, are in the best interest of the public, and benefit the general welfare.

In addition to serving as distribution centers for Illinois Public Aid Checks and Government Food Stamps, approved services include the following: processing motor vehicle and title registration forms, accepting utility bill payments, selling public transportation tokens, and offering American Express Moneygrams, Western Union Flashcash, mailbox service, bailbond cards, and fax copies.

Currency Exchange Licensees
as of
June 30, 1990

Date	# of Licensees
6-30-90	696
6-30-89	686
6-30-88	670
6-30-87	639
6-30-86	633

Regulatory authority also extends to ambulatory currency exchanges. These are mobile check cashers, traveling in armored car from site to site, cashing payroll checks for

employees on the employer's premises. At June 30, 1990 there were 468 licensed ambulatory locations in Illinois.

The Currency Exchange Division also advises the Director on liquidations, revocations, receiverships, legislation, and all currency exchange related litigation.

OPERATIONS

Examinations

State law mandates that each community currency exchange be examined annually and gives the Director discretionary authority to inspect ambulatory currency exchanges. Trained field examiners conduct the examinations on a surprise basis at their location of operations. Those found to be in violation of the Currency Exchange Act and/or the Rules and Regulations are subject to re-examination to ensure that compliance is achieved. During Fiscal Year 1990, 764 examinations were conducted on Illinois community currency exchanges and 6 were completed on ambulatory currency exchanges.

Applications

All applications for new community currency exchange or ambulatory licenses are thoroughly reviewed and investigated. Applications for Change of Location, Purchase, Change of Name, Stock Transfer, and Approval of Officer are also investigated. Each must be approved by the Director before it can be implemented by the applicant. Division management continually takes steps to improve and expand the review and investigation process to ensure each application is handled as fairly as possible.

Unclaimed Money Orders

The Currency Exchange Division processes the recording of unclaimed money orders in cooperation with the Unclaimed Property Division. These money orders are more than seven years old and are discerned as a result of the Division's examinations. This procedure saves the Unclaimed Property Division from examining currency exchanges, and ensures proper collection and recording of assets which fall under the Uniform Disposition of Unclaimed Property Act.

Fiscal Year Ending June 30	Unclaimed Property
1990	$ 561,627
1989	507,054
1988	518,073
1987	646,072
1986	394,705
Total:	$2,627,531

Consumer Complaints

One of the Division's primary functions is to investigate consumer complaints. The Division's Chief Investigator works with the consumer and the currency exchange involved to help bring about an equitable and speedy resolution. During FY'90, the Division resolved 195 consumer complaints.

Types, Number, and Percentage, of Consumer Complaints

	FY-90	FY-89	FY-88	FY-87
Money Order	66 or 34%	35 or 44%	41 or 32%	32 or 30%
Licensee	21 or 11%	9 or 11%	17 or 14%	21 or 20%
Employee Attitude	43 or 22%	10 or 13%	13 or 10%	12 or 11%
Utility Bill	10 or 5%	4 or 5%	17 or 14%	11 or 10%
Check Cashing	55 or 28%	21 or 27%	38 or 30%	31 or 29%

NEW LICENSE APPLICATIONS

	FY90	FY89	FY88	FY87	FY86
Approved	11	22	33	33	19
Denied	24	18	25	16	5

NEW CURRENCY EXCHANGE OPENINGS

	FY90	FY89	FY88	FY87	FY86
Chicago	3	2	4	5	2
Suburban Chicago	5	14	25	5	16
Downstate Illinois	2	7	7	2	1
Northern Illinois	1	0	0	0	0
Northwest Illinois	3	0	0	0	0
Western Illinois	3	0	0	0	0
Total	17	23	36	12	19

NEW COMMUNITY CURRENCY EXCHANGE LICENSES ISSUED

CHICAGO	
87th & Bishop C.E., Inc.	Chicago
Washington Square C.E., Inc.	Chicago
Imperial C.E., Inc. Rd.	Chicago
SUBURBAN CHICAGO	
Belvidere (Rt #120) Green Bay	Waukegan
Norwood Square C.E., Inc.	Park Forest
Old Oak C.E., Inc.	Homer Twp.
159th & Cottage Grove C.E., Inc.	South Holland
New Lenox C.E., Inc.	New Lenox
DOWNSTATE ILLINOIS	
Towne Centre C.E., Inc.	Danville
Venice C.E., Inc.	Venice
NORTHERN ILLINOIS	
Lake County C.E., Inc.	Lindenhurst
NORTHWESTERN ILLINOIS	
Fox Run C.E., Inc.	Naperville
Harvard C.E., Inc.	Harvard
Loves Park C.E., Inc.	Loves Park
WESTERN ILLINOIS	
Louis Joliet Pointe C.E., Inc.	Joliet
Marseilles C.E.	Marseilles
Oswego C.E., Inc.	Oswego

AMBULATORY CURRENCY EXCHANGE LICENSES

	Number of Licenses Issued				
	FY90	FY89	FY88	FY87	FY86
Total	26	17	22	43	39

There were 468 active ambulatory licenses at the end of FY'90 compared with 479 active licenses at the end of FY'89. New licensees include:

Name	City
Acme Barrel Co.	Chicago
Anatomical Chart Co.	Skokie
Avenue Care Center	Chicago
Belmont Community Hospital	Chicago
Caprino, Inc.	Chicago

Name	City
Caron, Inc.	Chicago
Certified Automotive	Chicago
Champion Technologies, Inc.	Chicago
Coin Controls, Inc.	Elk Grove Village
Dynascan Corp.	Elk Grove Village
Exchange Parts of America	Chicago
Four Seasons Hotel Chicago	Chicago
Fox Valley Correctional Ctr.	Northlake
Georgia Nut Co., Inc.	Skokie
Holiday Inn North Shore	Skokie
Kramer & Co.	Chicago
L. Fish Furniture	Chicago
Neo Products Co.	Chicago
Oak Brook Marriott Hotel	Oak Brook
O'Hare Marriott Hotel	Chicago
Rosin Optical Co., Inc. Road	Chicago
Sandford Corp.	Bellwood
Seko Messenger, Inc.	Chicago
Tru-Die, Inc.	Chicago
Vie De France	Bensenville

TOTAL REVENUE RECEIVED

Revenue generated by the Currency Exchange Division is collected through examination, license, inspection, application fees, and fines.

Revenues Received

	FY 1990	FY 1989	FY 1988	FY 1987	FY 1986
July	$ 31,689	$ 23,800	$ 12,852	$ 11,284	$ 7,775
August	25,768	24,625	10,623	10,535	17,706
September	27,648	14,907	15,336	11,777	7,832
October	81,432	24,650	11,375	12,934	15,081
November	118,661	137,025	115,277	73,625	92,026
December	28,564	9,926	20,425	25,998	7,075
January	23,141	21,502	11,775	13,670	14,674
February	23,645	14,439	40,067	10,834	17,725
March	21,084	46,190	17,300	20,456	16,975
April	38,105	20,240	37,200	7,675	18,375
May	31,465	21,400	20,325	12,600	7,309
June	22,755	28,975	26,300	15,225	15,500
Total:	$473,957	$387,679	$338,855	$226,613	$238,053

Total Revenue By Category

FEES	FY 1990	FY 1989	FY 1988	FY 1987
COMMUNITY CURRENCY EXCHANGE				
Examination	$254,850	$203,950	$177,750	$113,650
License	145,800	130,350	107,150	67,450
Fines	25,525	16,005	17,230	17,250
Investigation	31,330	18,270	18,275	13,000
Miscellaneous	169	1,608	1,594	436
Change Location	3,850	4,375	0	0
AMBULATORY CURRENCY EXCHANGE				
License Fees	$ 12,433	$ 12,996	$ 13,331	$ 14,152
Inspection Fees		125	3,525	675
Total:	$473,957	$387,679	$338,855	$226,613

INDUSTRY CONSOLIDATED REVENUE FIGURES

The Currency Exchange Act empowers the Director with the authority to set maximum check cashing and money order rates. Currently, the maximum check cashing charge is 1.2% of the face value plus 90 cents and maximum charge for the sale of a money order is 1% of the face value plus 75 cents.

	12 Months Ending December 31, 1989		12 Months Ending September 1988	
FEES	Revenue	% of Income	Revenue	% of Income
Check Cashing	$73,139,748	69%	$67,130,899	67%
Money Order	9,638,190	9%	10,399,093	11%
License	11,436,760	11%	10,757,484	11%
Utilities	2,425,002	2%	2,323,881	2%
Other Income	9,779,389	9%	8,796,249	9%
Total:	$106,419,089	100%	$99,407,605	100%

FEES	12 Months Ending September 1987 Revenue	% of Income	12 Months Ending September 1986 Revenue	% of Income
Check Cashing	$62,569,737	67%	$58,054,505	67%
Money Order	10,427,589	11%	10,390,210	12%
License	10,230,964	11%	9,621,125	11%
Utilities	2,324,413	3%	2,263,346	3%
Other Income	7,278,219	8%	6,633,416	7%
Total:	$92,830,922	100%	$86,962,602	100%

The 692 filers of Annual Reports as of December 31, 1989 are bracketed by Total Revenue in the following manner:

Total Revenue	For 15 months annualized
$800,000 and over	1
$700,000-799,999	1
$600,000-699,999	2
$500,000-599,999	8
$400,000-499,999	13
$300,000-399,999	26
$200,000-299,999	104
$100,000-199,999	313
$ 50,000- 99,999	170
Less than $50,000	54
Total	692

The mean Total Revenue reported was $153,785. Licensees reported cashing 22,524,739 checks and selling 13,768,368 money orders during the 12 months ending December 31, 1989.

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500/6-91